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Youth unemployment in the EU: a scarred generation?

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References in footnotes to the Report are as follows:

Q refers to a question in oral evidence.

Witness names without a question reference refer to written evidence.

SUMMARY

Youth unemployment is one of the most urgent problems facing Europe, with the youth unemployment rate more than double that for the whole population. In many Member States this is not a new problem. However, it has been exacerbated by the 2008 economic crisis and affects a broader range of young people than it did before the crisis—from highly skilled university graduates to the most disadvantaged young people. EU leaders and other policy-makers have acknowledged that this high level of youth unemployment could have a devastating impact on Europe's future workforce because of the long-term scarring effects of being unemployed at a young age.

The complex interactions between young people and the worlds of education and work pose challenges to those trying to calculate rates of unemployment and devise policies to address it. The purpose of undertaking this inquiry was to cut through the web of definitions and figures in the area of youth unemployment and to understand how EU resources and initiatives can help Member States address the challenges that young people face in accessing the job market today.

We consider that the responsibility for dealing with youth unemployment rests primarily with Member States, and that the key measures to address the issue should be introduced at national level. However, we also believe that the EU has an important role to play. While EU funding is limited in comparison to the scale of the crisis and to the amount that individual Member States have already pledged to address youth unemployment within their jurisdictions, it can add value by encouraging the exchange of good practice between Member States, by supporting them to address the problem in a coordinated way, and by kick-starting structural changes.

We caution against using the limited amount of EU funding available to subsidise existing national measures. Instead, it should be used to add value to national measures by establishing new initiatives and trying new methods, including those that have been successfully pioneered in other countries or regions worldwide. There should be a combination of support for immediate action to tackle the problems caused by the cyclical economic downturn and for action aimed at addressing long term structural and systemic issues in the European labour market. The European Commission's pursuit of smart, sustainable and inclusive growth under its Europe 2020 strategy provides the appropriate strategic framework. However, there is a need for better evaluation of approaches to youth unemployment across Europe to determine why and how initiatives achieve their results, not just whether they appear to have been successful.

Although the youth unemployment rate in the UK is lower than the EU average, there is no room for complacency—it is considerably higher than pre-2008 levels and is above that of comparable economies in the EU. We believe that changes need to be made to the current system of managing EU funding in England, which is too centralised. We recommend that Local Enterprise Partnerships and their partner local authorities in England are given sufficient control of EU funds in order to identify, plan, manage and deliver local schemes to address youth unemployment, together with businesses and civil society organisations. The benefits of a higher degree of local devolution of responsibilities can be seen in the ways in which the devolved administrations elsewhere in the UK handle European funds.

The European Commission's flagship idea of a *Youth Guarantee* would require Member States to commit to ensuring people under the age of 25 have a concrete offer for a job, training or further education within four months of becoming unemployed. We believe that the successful implementation of the Youth Guarantee could provide Member States with a clear benchmark to work towards in order to avoid long-term youth unemployment. We also agree with the European Commission's targeting of Youth Employment Initiative funds towards those regions in Europe experiencing the highest levels of unemployment. We recommend that the UK Government reconsider their plans to use the Youth Employment Initiative funds to bolster their existing initiatives. Instead they should implement a pilot Youth Guarantee in the five areas in the UK which will receive the Youth Employment Initiative funding.

There is a growing expectation that young people should be 'work-ready', rather than being trained 'on the job'. Careers advice is an important part of the equation. The Government should use EU funds to ensure that face-to-face careers advice is more readily available and that education and training focuses on developing young people's technological and other skills to meet the demands of the labour market.

Measures to address youth unemployment also need to focus on making structural changes to the job market in Europe. There is a need for a more flexible labour market, where young people are able to work and gain experience in other Member States. However, proper implementation of legislation protecting workers' rights is needed to ensure that greater flexibility in the labour market does not lead to the exploitation of young workers. We welcome the European Commission's focus on increasing the provision of vocational opportunities in the EU job market and consider that apprenticeships and traineeships can help young people into work, provided they are good quality opportunities that are applicable to the labour market. We therefore support the European Commission's Recommendation for a *Quality Framework for Traineeships*, which goes some way towards creating a common understanding of what constitutes a proper apprenticeship or traineeship.

It is our view that the meaningful consultation of young people in the development and implementation of programmes to reduce youth unemployment is a necessary component for success. We believe there is a danger that consultation processes will lack credibility if those involved cannot see that their input has been taken into account. We acknowledge the efforts that the EU institutions have made in this area and encourage all stakeholders, including the EU institutions and Member States, to enhance their efforts in this respect and to evaluate and publicise specific examples of how and where the involvement of young people has had an influence on policy. Ultimately, the youth unemployment crisis can only be addressed through the combined efforts of the EU institutions, Member States, business and the young people of Europe.

Youth unemployment in the EU: a scarred generation?

CHAPTER 1: INTRODUCTION

“I think it is probably the first time, at least since the Second World War, that a new generation faces the future with less confidence than the previous generation.” (José Manuel Barroso, President of the European Commission, 2011)¹

1. Supporting its citizens into employment has long been one of the key objectives of the EU. The European Social Fund (ESF) was created in the 1957 Treaty of Rome (the EU’s founding treaty) and focused on managing the migration of workers within Europe, later moving on to combating unemployment among the young, poorly qualified and socially excluded. In 1963, the EU brought forward a Council Decision which laid down general principles for implementing a common vocational training policy.²
2. Over the last few years, the EU has placed a renewed emphasis on youth unemployment and this is reflected in its policies and rhetoric. José Manuel Barroso, President of the European Commission, has referred to the youth unemployment situation as an aspect of the EU’s response to the eurozone crisis that “remains especially urgent”.³ Along with other figures in the EU, he has urged Member States to take swift action on the issue of youth unemployment.⁴ It is unsurprising that the EU has chosen to focus its efforts on young people in particular: a number of witnesses stressed the scarring effect that unemployment at a young age can have on an individual’s future, prospective earning capabilities and pension rights.⁵
3. It is because of the current focus on youth unemployment at EU and Member State level and its importance for the future of young people that we undertook to conduct an inquiry into the EU’s strategy in this area and to consider in more detail the management of the existing and proposed EU funds and initiatives.
4. Much of the debate about youth unemployment in the EU suggests a link between the peak of the economic crisis in 2008 and the high levels of youth unemployment that have existed since then. However, this report does not seek to make recommendations as to how to solve the economic crisis.⁶ It should be remembered that the youth unemployment rate has remained well above that of the overall EU population even in times of economic growth.

¹ European Commission, Statement by President Barroso, 17 May 2011, available at: http://europa.eu/rapid/press-release_SPEECH-11-343_en.htm

² Council Decision No. 63/266/EEC

³ European Commission, Statement by President Barroso, 14 January 2014, available at: http://europa.eu/rapid/press-release_SPEECH-14-15_en.htm

⁴ European Commission, Statement by President Barroso, 10 January 2014, available at: http://europa.eu/rapid/press-release_SPEECH-14-7_en.htm

⁵ Q 93; Q 22; Q 105; Q 154; Professor Melanie Simms; Max Uebe, European Commission

⁶ European Union Committee, *Euro area crisis: an update* (11th Report, Session 2013–14, HL Paper 163) considers the economic crisis in more detail.

Our intention in producing this report is to take stock of the EU's overall youth unemployment strategy and to make suggestions as to how the resources available at EU level can best be allocated in order to complement national measures that address this issue. In doing so we have taken account of responses to the immediate issues as well as longer-term measures to reduce the high youth unemployment rate.

5. Chapter 2 addresses the current unemployment situation in the EU and in the UK. Chapter 3 outlines the current and proposed initiatives that the EU has put forward in this area. Chapter 4 evaluates the current workings of EU funds and measures to reduce youth unemployment at UK level and considers how these funds can be coordinated to make best use of the additional money available. Chapters 5 and 6 look at how EU funds can be used to stimulate the supply side of the labour market (helping young people into work) and the demand side (opening up the job market to young people). Chapter 7 considers how examples of good practice can feed into the development of youth unemployment policy at EU level.
6. In addition to the evidence and witness statements from a wide range of stakeholders, we sought the views of young people who were able to reflect on their experience of accessing the labour market. Their views are referred to throughout. We are grateful to the Prince's Trust's centre in Liverpool and to Birmingham City Council and its partners for facilitating meetings with young people from the local area, who shared with us their views and experiences. Chapter 8 pulls together the views of young people and other stakeholders to assess the extent to which young people are involved in policy-making and the impact of their involvement.

Our inquiry

7. We are grateful for the written and oral evidence that we received for our inquiry. All the witnesses who provided evidence are listed in Appendix 2. We are particularly grateful to all those who gave evidence in person. Our thanks also go to John Bell, Senior Partner at CurvedThinking, our Specialist Adviser for this inquiry. His relevant interests are listed in Appendix 1.
8. The Call for evidence we issued is shown in Appendix 3 and the evidence we received is published on the Committee's website.⁷
9. **We make this report to the House for debate.**

⁷ Evidence published online is available at: <http://www.parliament.uk/hleub>

CHAPTER 2: YOUTH UNEMPLOYMENT IN THE EU

The headline facts

10. Current youth unemployment levels in the EU are exceptionally high. According to Eurostat, the EU's statistical service, as at February 2014 the seasonally adjusted rate of youth unemployment across the 28 EU Member States (EU28) stood at 22.9 per cent, more than double the overall unemployment rate of 10.6 per cent.⁸ The EU28 youth unemployment rate in 2007 was 12.1 per cent.⁹

Definition of youth unemployment in the EU

11. In conducting this inquiry, we came across varying definitions of youth unemployment and related concepts such as NEET (Not in Employment, Education or Training). In examining this issue, it is important to be clear about what is meant by the different terms used in this area—youth unemployment is more complex than simply the number of young people without a job. Box 1 outlines the EU definition of unemployment and how it is calculated at EU level.

BOX 1

Definition of youth unemployment

Definition

Eurostat provides information on all Member States and the EU as whole, using common definitions to facilitate cross-country comparisons and aggregation. It uses the International Labour Organisation (ILO) definition of youth unemployment, which is also used by most other countries and therefore also allows for comparisons beyond the EU. The ILO definition states that:

“all persons between the age of 15 and 24 who, during the reference period, were: (a) without work; i.e. had not worked for even one hour in any economic activity (paid employment, self-employment, or unpaid work for a family business or farm); (b) currently available for work; and (c) actively seeking work; i.e. had taken active steps to seek work during a specified recent period (usually the past four weeks).”¹⁰

Eurostat publishes figures for the absolute numbers falling into this category. It also provides two measurements: the youth unemployment rate and the youth unemployment ratio.

Youth unemployment rate

The youth unemployment rate is the number of unemployed 15–24 year olds divided by the total number of 15–24 year olds active in the labour market

⁸ Eurostat news release, 1 April 2014, available at: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-01042014-AP/EN/3-01042014-AP-EN.PDF

⁹ Eurostat, ‘Youth unemployment rate’, available at: <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

¹⁰ International Labour Organisation, ‘Youth Unemployment Rate’, available at: <http://www.ilo.org/public/english/employment/yen/whatwedo/projects/indicators/2.htm>

(both employed and unemployed young people). This includes those who are in some form of education and are working, or would like to be. It excludes those in education who neither work, nor want to and those not in education who are not actively seeking work. The rate is the main indicator for youth unemployment and is used by Eurostat for international comparisons.¹¹ The rate for the proportion of young people who have been unemployed for more than 12 months is also published. The rate of youth unemployment is the indicator we use throughout our report.

Youth unemployment ratio

Another indicator of youth unemployment published by Eurostat is the youth unemployment ratio. This is the number of unemployed 15–24 year olds divided by the total population aged 15–24. Therefore, this figure does not vary depending on the size of the youth labour force. The youth unemployment ratio is by definition always smaller than the youth unemployment rate and is typically less than half of it, due to the different denominators.¹² The ratio figure is much less commonly used for comparative purposes or policy-making, since it bears less relation to the potential labour force at any given time and varies considerably depending on the traditions of education and employment progression in different countries.

Methodology

Across all EU Member States, the figures for the unemployment rate and ratio are drawn from the results of a labour force survey, which all Member States and EU candidate countries must undertake. Despite some differences, these are regarded as sufficiently comparable with one another for aggregation.

Source: Eurostat website: 'Youth Unemployment'

12. Measuring young people's participation in the labour market is particularly difficult because of the complex way in which education and the labour market interact. One cannot assume a straightforward one-way transition from school to work. It is possible for a young person to be in education and in the labour market at the same time, leading to an overlap.¹³ Furthermore, the structural norms associated with education and work differ between Member States. In some countries, young people start working much earlier than in others, for example, in the form of summer or weekend jobs. There are also different national circumstances where it is normal for large proportions of young people to be in both education and employment for extended periods (such as in the German or Austrian 'dual' apprenticeship systems), or where it is usual for large numbers of students to be seeking work to fund their studies, as is increasingly the case in the UK.
13. The overlap between education and the labour market is shown by Figures 1 and 2 overleaf. They represent a snapshot of the proportions of young people

¹¹ Eurostat, 'Youth Unemployment', available at: <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

¹² *Ibid.*

¹³ *Ibid.*

14. The pink sections towards the top of the graphs show people who are in the labour market and either in work or unemployed, but who are not concurrently in any form of education. This is a relatively small proportion at the lower ages and represents the majority of young people of 24 and older. The grey sections represent those who are in some form of education or training and: who want a job but do not have one; are working as well as studying; and are not in the labour market at all (the largest group). The light pink section at the bottom of the graph shows those not in education, employment or training—the group referred to as NEET (see Box 2).
15. Figure 2 highlights that in comparison with the EU mean average; there are higher proportions of younger people in the UK who are in the labour market and not studying. The UK also has considerably higher proportions of those who are in education, but are also either working or would like to have a job.

BOX 2

Definition of NEET

The EU categorises as NEET (Not in Education, Employment or Training) young people aged between 15–24 who “are not employed” (i.e. unemployed or economically inactive¹⁴ according to the International Labour Organisation definition) “and have not received any education or training in the four weeks preceding the EU labour force survey”.¹⁵

A young person’s labour force status falls into one of three categories: employed, unemployed or economically inactive. In order to be considered as unemployed (according to the ILO definition) a young person must be actively seeking work, but they can be considered NEET whether or not they are actively seeking work.

The European Foundation for the Improvement of Living and Working Conditions (Eurofound), the EU agency that provides information in the area of social and work-related policies, explained this definition further saying that, in practice, “the aim of the NEET concept is to broaden understanding of the vulnerable status of young people and to better monitor their problematic access to the labour market.”¹⁶

NEET figures are provided by Eurostat as a ratio: the number of young people aged 15–24 who are not in education, employment or training, as a proportion of all those in this age group.

Source: Eurostat website, ‘Youth Unemployment’ and Eurofound website, ‘NEET’.

¹⁴ The inactive population can include anyone provided that they are not working at all and not available or looking for work either.

¹⁵ Eurostat, ‘Educational attainment, outcomes and returns of education’, available at: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/edat_esms.htm

¹⁶ Eurofound, ‘NEET’, available at: <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/neet.htm>; European Commission, (2011), ‘Youth neither in employment nor education and training (NEET). Presentation of data for the 27 Member States’.

Who is affected?

16. The rate of unemployment has long been higher for young people as compared to the rest of the working population.¹⁷ Until the peak of the recession in 2008, the youth unemployment rate in the EU was around twice as high as the unemployment rate for the whole population.¹⁸
17. Youth unemployment is not a straightforward issue and is inextricably tied up with participation in education and training. A number of witnesses agreed that the youth unemployment crisis was affecting a range of different groups, from school leavers to graduates.¹⁹ We also heard evidence that within these groups some young people were affected more than others. For example, the National Union of Students (NUS) said that the unemployment rates of young black men and disabled young people were particularly high.²⁰ Professor Melanie Simms, Professor of Work and Employment, University of Leicester, acknowledged that, although the available data make it difficult to understand the impact of the crisis on different groups of young people, the crisis represented a departure from the pre-2008 situation in that it seemed to be affecting young people across a range of skill levels.²¹ The Institute for Employment Studies agreed with this view, noting that while unemployment has been high in previous recessions, the post-2008 period had been characterised by its impact on highly skilled young people and graduates, who had not been as affected in previous recessions.²²
18. Some witnesses said that the broad range of young people who are currently unemployed had given rise to ambiguous and unhelpful definitions in the area of youth unemployment.²³ As expressed in Box 2 overleaf, the EU uses the NEET category to refer to young people aged between 15–24, who are unemployed or inactive—from disengaged young people through to graduates.²⁴ This differs from the original narrower definition of NEET, which was coined in the UK and referred to all young unemployed school-leavers under the age of 18 who were not measured in the unemployment statistics.²⁵ Given this change in meaning, Professor Sue Maguire, Centre for Education and Industry, University of Warwick, questioned whether the phrase NEET, as currently defined and applied, was appropriate. She argued that the casual application of the term NEET risked masking rising and unacceptable levels of inactivity among young people.²⁶ The UK Government concurred with this view, saying:

“It is slightly unfortunate that everybody collapses it into the word ‘NEETs’, because it is actually ‘not in education, employment or

¹⁷ Q 116; Q 23

¹⁸ UK Government

¹⁹ Professor Melanie Simms; Q 20; Q 120

²⁰ Q 127

²¹ Professor Melanie Simms

²² Q 120; see also Q 166 (Rebecca Taylor)

²³ Professor Sue Maguire; Professor Martyn Sloman; Q 3

²⁴ Eurofound, ‘NEET’, available at:

<http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/neet.htm>

²⁵ Professor Sue Maguire; The term NEET was coined after changes to out-of-work benefits provision in the UK in the 1990s.

²⁶ Professor Sue Maguire

training’ and so, for example, someone who leaves university and might be waiting to take up a job is included in the NEET figures. This is a nightmare, given the different definitions in this area.²⁷

19. Much of the literature in this area refers to NEETs, and so we could not discard the definition for the purposes of this report. Our reference to NEETs in the report is based on a strict interpretation of the definition outlined in Box 2.
20. In 2012, NEETs made up 13.1 per cent of young people aged between 15–24 across the EU.²⁸ The European Youth Forum emphasised the high costs of NEETs to the economy and the importance of solving this aspect of the crisis.²⁹ The study referred to the 2012 Eurofound study, which showed that in 2011 NEETs cost EU Member States €153 billion in terms of lost tax contributions.³⁰ It also showed that, with the exception of Austria, Germany and Luxembourg, all Member States had seen an increase in the number of NEETs since the peak of the economic crisis in 2008.³¹

Long-term unemployment

21. Eurostat also publishes data that show the long-term youth unemployment rate (the unemployment rate for young people³² who have been out of work for 12 months or more). Between 2004 and 2008, the rate of long-term unemployed young people in the EU was steadily decreasing, and had almost halved. However, 2008 marked an upturn in the long-term unemployment rate for young people, which went from 3.5 per cent to 7.4 per cent in 2012.³³ This is particularly worrying since the young people covered by these data must be economically active to be classed as unemployed (see Box 1), and so these statistics show that it is taking young people who are actively looking for employment longer to find it. Indeed, in the UK context, one of the young people on Barclays’ apprenticeship scheme said that before starting the scheme she was unemployed for nine months despite applying for six or seven jobs every day.³⁴ We heard of similar situations from the young people we spoke to in Liverpool and Birmingham.
22. **We understand the need for a consistent definition of youth unemployment to allow for cross-country comparisons, aggregation of figures at the European level, and to provide clarity for all those involved in policy-making in the area of youth unemployment. The International Labour Organisation’s definition provides this, notwithstanding its complexity. However, it is limited in its usefulness, particularly when trying to understand the issues for those**

²⁷ Q 3

²⁸ UK Government

²⁹ Q 216

³⁰ Eurofound (2012), *NEETs—Young people not in employment, education or training: Characteristics, costs and policy responses in Europe*, Publications Office of the European Union, Luxembourg.

³¹ *Ibid.*

³² Young people between the ages of 15–24. Eurostat also publishes data on the long-term unemployment of those aged between 15–29.

³³ Eurostat, ‘Youth long-term unemployment rate (12 months or longer) by sex and age’, available at: <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

³⁴ Hannah Dean

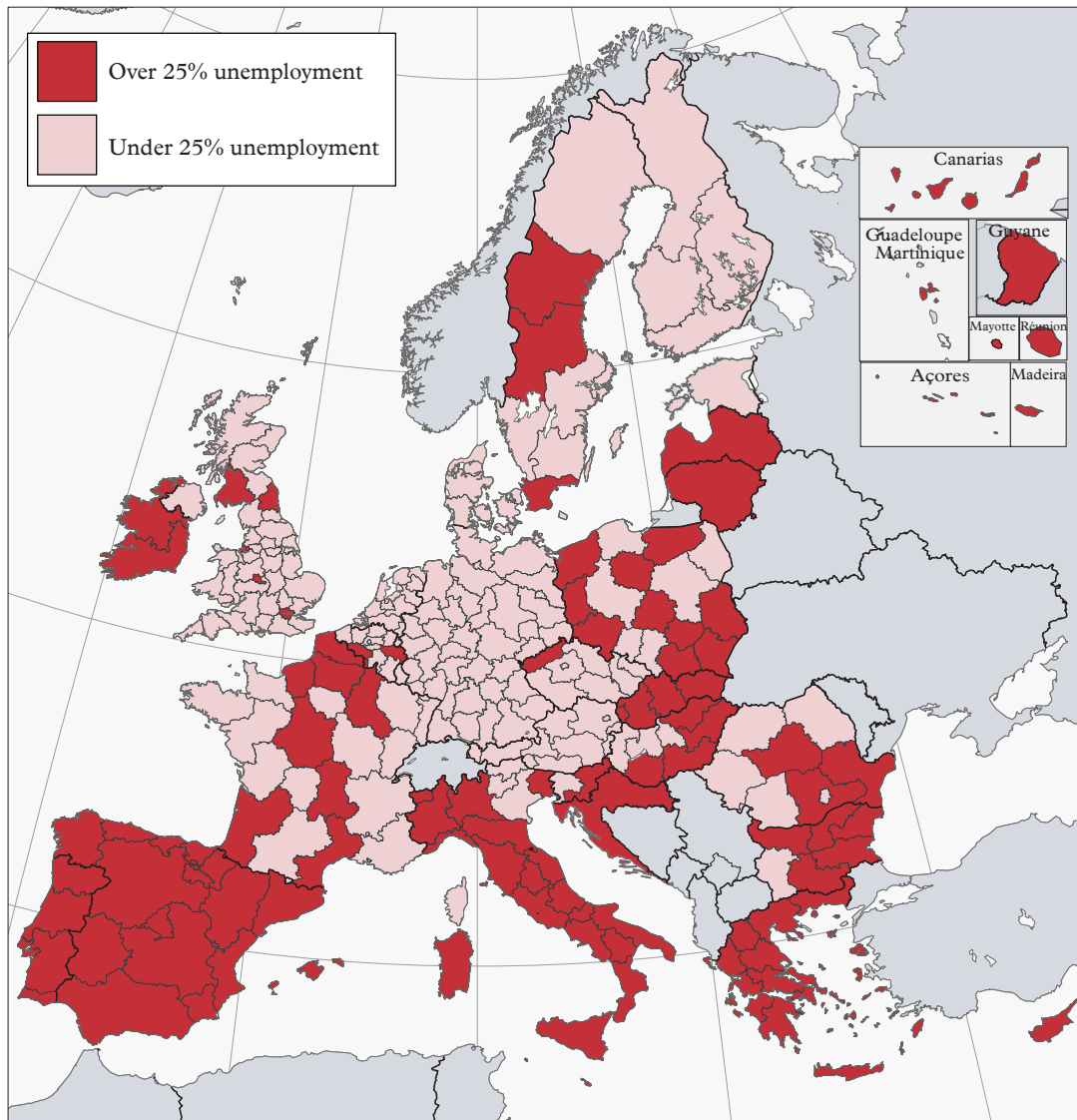
who are simultaneously in the labour market and in the education system. The European Commission and Member State governments should take care to recognise the diversity of the different situations which underlie the headline figures, and ensure that policy is founded on an accurate and nuanced assessment of the issues.

23. Although we understand the significant issues which confront many of the young people characterised as NEET, we find the term ambiguous and at times unhelpful, because of the broad scope of young people it encompasses.
24. The youth unemployment crisis has affected graduates and young people who are highly skilled, less skilled and those who struggle most to access the labour market. We recognise that some young people within these groups are disproportionately impacted by the youth unemployment crisis, including those from some ethnic minority groups, people with disabilities, young parents and those coming from the care system. The issues that affect the access of different types of young people to the labour market are varied and policy responses must take account of this and ensure that young people in need of help are not excluded from the labour market, education or training systems.

A North-South divide?

FIGURE 3

Distribution of youth unemployment in the EU28 (2012)



Source: European Commission

25. Figure 3 shows the regions with over 25 per cent youth unemployment in red and the regions with under 25 per cent youth unemployment in pink. It provides a visual demonstration of the large disparities between the youth unemployment rates in different regions and Member States. For example, in Spain and Cyprus, the rates of youth unemployment in December 2013 were 54.3 per cent and 40.8 per cent respectively. In Greece, the youth unemployment rate for November 2013 was 59 per cent.³⁵ This contrasts with the situation in Germany, Austria and the Netherlands, where unemployment has been consistently low and hovering around or below the 10 per cent mark since December 2005.³⁶ Academics and others pointed to these data as evidence of a distinction between the nature of the problem in Mediterranean

³⁵ Eurostat; at the time this report was finalised in April 2014, December 2013 figures were not yet available for Greece from Eurostat.

³⁶ *Ibid.*

Member States and the rest of the EU. For example, Dr Paul Copeland, Lecturer in Public Policy, Queen Mary University, said that:

“long-term it is the Mediterranean countries that have had a problem here and we include France within the discussion. These Mediterranean countries have had much higher levels of youth unemployment than in the UK and this is because they have often operated dual labour markets, so younger generations find themselves on contracts that are less generous than older generations”.³⁷

26. The problems experienced by different Member States are linked to the issue of migration, which is discussed in Chapter 6.

Is the youth unemployment crisis long-term or short-term?

27. There is uncertainty about the nature of the current high levels of youth unemployment in Europe and whether it results from a long-term structural problem (related to the underlying structure of the youth labour market), or is a short-term phenomenon caused by the economic crisis. This is an important consideration because it dictates the appropriate policy solutions. For a short-term problem, a large injection of funds may be enough to stimulate the youth labour market, whereas the resolution for a long-term problem may require a greater focus on structural change. Furthermore, this question also addresses the extent to which solutions should be the same for all Member States within the EU28.
28. Although most witnesses accepted that the recession starting in 2008 had a role to play in escalating the current youth unemployment crisis, a number of them believed that the surge in the youth unemployment rate did not result solely from the recession. Dr Copeland recalled that in 1994 the European Commission produced a White Paper, which outlined that youth unemployment across the EU stood at 20 per cent, a high level compared to the five per cent rate in Japan and the 13 per cent rate in North America, its main competitors at the time.³⁸ It is notable that the 1994 rate of youth unemployment closely compares to the current rate of unemployment in the EU, thereby suggesting a long-term cause.
29. Reflecting on the situation in his own country, His Excellency, Konstantinos Bikas, the Greek Ambassador to the UK, noted that, as far back as 1983, youth unemployment in Greece was recorded at 23 per cent and that, in 1987, the youth unemployment rate in Spain was also high, at 45 per cent. On that basis, he suggested that youth unemployment must have a structural character. However, he qualified this by saying that in both Greece and Spain, the structural problems behind youth unemployment had been accentuated by the financial crisis and in Cyprus the financial crisis was the main reason for the steep rise in youth unemployment—from around nine per cent in 2008, to approximately 41 per cent in 2013.³⁹
30. Eurofound agreed that although the financial crisis was an aggravating factor in the area of EU youth unemployment, the underlying cause was structural and related to the individual youth labour market in each Member State. It noted that:

³⁷ Q 20; see also Q 119 (Professor Robin Simmons) and Q 179 (Max Uebe)

³⁸ Dr Paul Copeland

³⁹ Greek Ambassador to the UK

“In some Member States the crisis has exploded youth unemployment, but the labour market was already difficult before for young people. If we analyse, for example, the population of NEETs, they have very different characteristics among Member States, even in countries with similar rates. For example ... in Spain the population of NEETs has increased because of the crisis, so the majority of NEETs are unemployed males with work experience. On the other hand, in Italy the majority of NEETs are inactive females without work experience because there was a problem of youth accessing the labour market even before the crisis.”⁴⁰

31. It seems that youth unemployment is both a long- and short-term problem. The balance between the two varies amongst Member States. Indeed, the evidence we received indicated that a sharp distinction between the ‘southern’ and ‘northern’ European states was over-simplistic and that the youth unemployment crisis seemed to have manifested itself differently in each Member State, irrespective of its geography. Turning again to Figure 3, although there is a concentration of youth unemployment in the ‘southern states’, there are a number of ‘northern states’ with regions experiencing unemployment rates of over 25 per cent. In Cyprus, the financial crisis played a large role in triggering the youth unemployment crisis, which contrasted with the situation in other ‘southern’ states, where the structure of the labour market was a key contributing factor. Similarly, much of the evidence indicated that although the UK was in the ‘northern’ group of EU states, its experience of youth unemployment was affected by the historic structure of its labour market. Professor Maguire considered that the decline of the UK manufacturing sector in the 1980s and 1990s had resulted in dramatic structural change to the UK youth labour market, destabilising the traditional labour market that existed for young people and school leavers.⁴¹ Similarly, The Prince’s Trust said that technological change had resulted in a reduction of lower-skilled entry-level jobs in the UK.⁴²
32. **The current high levels of youth unemployment in the EU are not solely a consequence of the 2008 global financial crisis and the ensuing recession. Rather, the cause of the unemployment crisis differs between Member States. For some Member States, it is due more to underlying structural issues in the youth labour market that have been accentuated by the financial crisis. The EU and individual Member States will need to employ both long-term and short-term solutions to address the youth unemployment crisis.**

Youth unemployment in a UK context

33. Youth unemployment in the UK is not as high as it is in some Member States, but has been at historically high levels since 2008. In September 2011, it was recorded as 22.1 per cent, the highest ever recorded level. It subsequently dropped to 21.3 per cent in May 2013,⁴³ and to 20.7 per cent in the fourth quarter of 2013.⁴⁴ The percentage of NEETs in the UK was

⁴⁰ Q 120

⁴¹ Q 20; see also Q 18 (Professor Sloman) who commented on the role of globalisation in removing entry-level jobs.

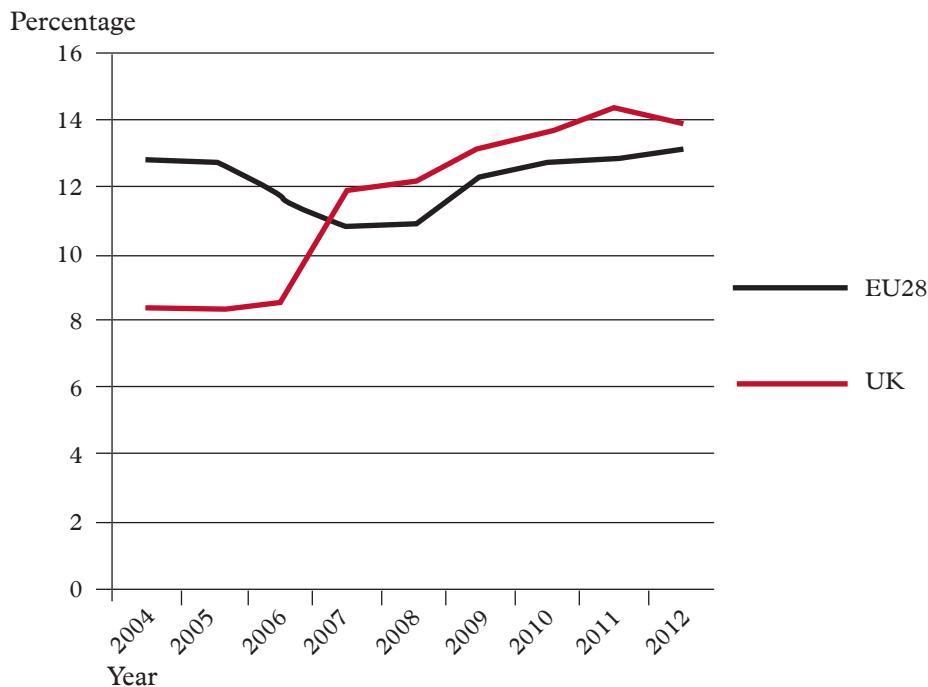
⁴² Q 20

⁴³ Eurostat, available at <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>.

⁴⁴ UK Government (not yet available on Eurostat).

14.4 per cent from October to December 2013, down 0.4 per cent from a year earlier.⁴⁵ As such, youth unemployment in the UK appears to be falling, but it is still higher than the levels recorded in May 2008, before the economic crisis. NEET numbers are still of particular concern, placing the UK in 17th place amongst the 28 EU Member States.⁴⁶ As Figure 4 (below) shows, since 2004, the percentage of NEETs in the UK has been rising at a considerably higher rate than in the rest of the EU28. Professor Maguire said that in the UK there was a particular problem with NEET young people, especially those between the ages of 16 and 18 who did not always declare themselves as actively seeking work. She said that these young people can fall outside the system, because they “have no natural entitlement to income support until the age of 18”.⁴⁷ She also said that the reduction of services had resulted in reduced access to support for 16–18 year olds.⁴⁸

FIGURE 4
NEETs in the UK



Source: Eurostat website

34. The UK Government acknowledged that youth unemployment was a serious problem in the UK, as well as in the rest of the EU, but emphasised that “apart from a short period in 2011, the UK youth unemployment rate has been consistently below the EU27 average”.⁴⁹ Despite this, it is notable that the UK youth unemployment rate is above the Organisation for Economic

⁴⁵ Office of National Statistics, *Young People not in Education, Employment or Training*, February 2014. The data shows estimates for young people aged 16–24 who are NEET in the UK.

⁴⁶ UK Government

⁴⁷ Q 16

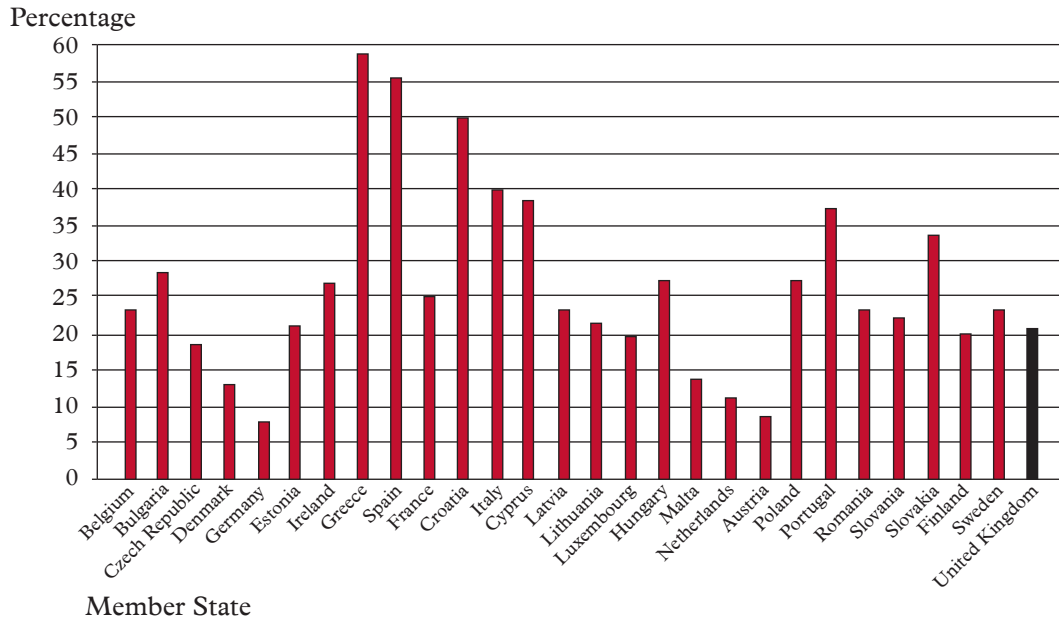
⁴⁸ Q 24

⁴⁹ UK Government; the figure was calculated based on the average unemployment rate of the existing 27 Member States before Croatia acceded to the EU on 1 July 2013.

Co-operation and Development (OECD) average.⁵⁰ Furthermore, Eurostat figures show that, within the EU, the UK's unemployment rate is above that of Member States with which it might traditionally compare itself economically, such as Germany, Austria and the Netherlands (see Figure 5). In these countries, the post-2008 rate of youth unemployment has consistently been under or around the 10 per cent mark.⁵¹

FIGURE 5

Youth unemployment rates across the EU28



Source: Eurostat website

35. **We are particularly concerned about 16–18 year old NEET young people in the UK, who risk becoming invisible to the authorities through their lack of access to the benefits system and absence of other means of engagement. We encourage the UK Government to use EU funds in a way which helps identify problems and solutions within this group. We believe this would represent clear added value to existing national provision.**

⁵⁰ The OECD Member countries are: Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States; OECD 'Stat Extracts', available at: <http://stats.oecd.org/Index.aspx?DatasetCode=STLABOUR#>

⁵¹ Eurostat 'Youth unemployment', available at: http://ec.europa.eu/europe2020/pdf/themes/21_youth_unemployment.pdf

CHAPTER 3: EU MEASURES TO ADDRESS YOUTH UNEMPLOYMENT

36. In this chapter we examine whether Member States, civil society organisations, young people and other stakeholders believe that EU action to address youth unemployment is necessary, desirable and effective. In order to assess this we consider the current and proposed initiatives at EU level, which form part of an overall EU youth unemployment strategy.

EU Legal basis

37. The EU Treaties define the extent of the European institutions' competence to act in any given area.⁵² In the area of employment, they provide that:
- “The Union shall take measures to ensure coordination of the employment policies of the Member States, in particular by defining guidelines for these policies.”⁵³
38. The Treaties provide for the EU and Member States to work towards this objective in a number of ways.⁵⁴ They enable the EU to promote the coordination of employment policies by adopting yearly conclusions on the employment situation in the Union, making country specific recommendations to Member States and drawing up an annual set of guidelines which Member States are required to take account of in creating their employment policies. The Treaties also allow the EU to adopt “incentive measures” designed to encourage cooperation and the sharing of good practice.⁵⁵

Current and proposed initiatives

39. In 2010, the EU adopted its Europe 2020 strategy, which outlined its goals for Europe in five key areas. In the area of employment, the European Commission's headline target was that 75 per cent of 20–64 year olds in the EU should be in employment by 2020.⁵⁶ The current high rates of youth unemployment have led to a greater focus on policies aimed at young people (aged 15–24), with a view to achieving this target.⁵⁷ As indicated in paragraph 1, EU action in relation to youth unemployment is not new and makes use of instruments and funds which have been in existence for many years. The current crisis coincides with a change of ‘programming period’; a renewal of the main EU spending programmes, which will encompass new priorities and principles for implementation from 2014 onwards. Europe 2020 provides the strategic direction for the new funding period.

⁵² Articles 2–6, Treaty on the Functioning of the European Union.

⁵³ Article 5(2), Treaty on the Functioning of the European Union. The Treaty on the Functioning of the European Union (TFEU) came into force on 1 December 2009 following the ratification of the Treaty of Lisbon, which made amendments to the Treaty on European Union (TEU) and the Treaty establishing the European Community. The TFEU is an amended and renamed version of the TEC.

⁵⁴ Title IX, Treaty on the Functioning of the European Union.

⁵⁵ Article 149, Treaty on the Functioning of the European Union.

⁵⁶ European Commission, ‘Europe 2020’, http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/targets/index_en.htm

⁵⁷ European Commission, ‘youth unemployment’, available at: <http://ec.europa.eu/social/main.jsp?langId=en&catId=1036>

40. The key current and proposed EU actions to address youth unemployment are outlined in Boxes 3 and 4 below.

BOX 3

EU funding programmes

The *European Social Fund (ESF)* was set up in 1957 and is the main financial instrument used by the EU and Member States to create employment opportunities and support measures for young people, NEETs and the socially excluded. ESF programmes run for a seven year period and are allocated a share of the overall EU budget agreed as part of the Multiannual Financial Framework (MFF).⁵⁸ The ESF works by distributing funding to Member States and regions to finance operational programmes that have been agreed with the European Commission.

ESF funding to address unemployment for the period 2014–2020 will be worth approximately €72 billion over the seven year period, with around the same amount of ‘match funding’ provided by Member States. This is less than the €76 billion that was available for the period 2007–2013. All European projects under ESF are jointly funded by both the EU and the Member State in question.⁵⁹ 68 per cent of the ESF funding for the period 2007–2013 went towards projects that benefitted young people in some way.⁶⁰

The ESF funds allocated to youth issues will be significantly greater than that from the Youth Employment Initiative (see below) and will apply across the whole of the UK and the EU.

The *European Regional Development Fund (ERDF)* was established in 1973 and aims to strengthen economic and social cohesion in the EU by correcting imbalances between regions.⁶¹ It focuses its investments on several key priority areas, including support for small and medium-sized enterprises (SMEs) and for innovation. This has ramifications for young people in a number of ways: support for new business start-ups and entrepreneurship, which could be open to young people; support for job creation at different skills levels, thereby increasing employment opportunities for young people; and support for SMEs in taking on apprentices, trainees and placements, increasing the supply of transitional measures into careers.⁶²

The *Youth Employment Initiative* was agreed in February 2013 by the European Council. For the period 2014–20, it will comprise €3 billion from the ESF and €3 billion from a specific budget line dedicated to youth unemployment. It will target regions within the EU that have youth unemployment rates of or in excess of 25 per cent (see regions shaded in red at Figure 3), of which there are five in the UK.⁶³ The Youth Employment

⁵⁸ The Multiannual Financial Framework is a spending plan that translates the EU priorities into financial terms. It is not a seven year budget, but the basis for the annual budgetary exercise.

⁵⁹ Regulation (EU) No 1303/2013 and Regulation (EU) No 1304/2013

⁶⁰ European Commission (2013), *EU measures to tackle youth unemployment*.

⁶¹ Regulation (EU) No 1303/2013; Regulation (EU) No 1301/2013

⁶² Regulation (EC) No. 1080/2006

⁶³ Eurostat figures have been used to allocate the €6bn Youth Employment Initiative funds to areas with a youth unemployment rate greater than 25 per cent. The five areas in the UK are: Merseyside; West Midlands; Tees Valley and Durham; South West Scotland; and Inner London.

Initiative would allow a Member State, in agreement with the European Commission, to allocate up to 10 per cent of its funds from the initiative to young people residing in sub-regions which experience high youth unemployment, but which are not in an eligible region. In June 2013, EU Heads of States agreed to ‘front-load’ the €6 billion, enabling the funds to be spent in the first two years of the seven year EU MFF. In July 2013, they pledged to add an extra €2 billion to this source of funding. The European Commission’s view, reinforced by László Andor, European Commissioner for Employment, Social Affairs and Inclusion, was that these funds should primarily be used to help and accelerate implementation of the Recommendations within the Youth Employment Package (see Box 4 below), in particular the Youth Guarantee.⁶⁴

Table 1 shows the amount available from each of the different EU funds across the EU28 and in the UK.

TABLE 1

The 2014–2020 allocation of EU funds (in Euros, millions)⁶⁵

	EU28	UK (percentage share of EU total)
European Social Fund (ESF)	72,349	4,385 (six per cent)
European Regional Development Fund (ERDF)	183,435	5,927 (three per cent)
Youth Employment Initiative	6,000 ⁶⁶	193 (three per cent)
Total in Euros	258,784	10,505 (four per cent)

Source: Regulation (EU) No 1303/2013

BOX 4

EU Legislative and non-legislative proposals

The Youth Employment Package

The *Youth Employment Package* was proposed by the European Commission in 2012 and adopted by the Council in the same year. It is made up of a number of legislative and non-legislative policy initiatives that the European Commission strongly believes should be adopted by Member States. However, the package is not legally binding on Member States. The most significant section of the Package is the Recommendation for a Youth Guarantee.⁶⁷

⁶⁴ Q 191

⁶⁵ ESF and ERDF figures assume spending is at the regulatory minimum.

⁶⁶ For the period 2014–20, Youth Employment Initiative funding will comprise €3 billion from the ESF and €3 billion from a specific budget line dedicated to youth unemployment.

⁶⁷ Council Recommendation No. 2013/C 120/01

The *Youth Guarantee* seeks to address youth unemployment by ensuring that all young people under 25 receive a good-quality, concrete offer of employment, continued education, apprenticeship, or training, within four months of them leaving formal education or becoming unemployed. The offer should be adapted to each individual's need and situation. Member States with regions expected to benefit from the Youth Employment Initiative were asked to submit a Youth Guarantee Implementation plan by the end of December 2013, linked to their plans for spending the Youth Employment Initiative funds described in Box 3. The Youth Employment Package also called for the creation of a *Quality Framework for Apprenticeships*⁶⁸ and a *European Alliance for Apprenticeships*⁶⁹ (see Chapter 6, Box 7).

Other Initiatives

Youth on the Move is a comprehensive package of policy initiatives on the education and employment of young people, with a focus on mobility within Europe. It includes the Youth Opportunities Initiative,⁷⁰ which encourages national governments to make increased use of the ESF to set up apprenticeship schemes. Youth on the Move also established EURES, an online portal that aims to match young people to job vacancies throughout the EU.

Erasmus+ is the EU's programme for the mobility of EU citizens for the purposes of education and training at all levels, including school education, higher education, international higher education, vocational education and training and adult learning. It also focuses on youth, particularly in the context of non-formal learning; and sport, in particular grassroots sport. The programme aims to provide opportunities for over four million EU citizens during the period from 1 January 2014 to 31 December 2020. The budget for the seven year programme is €14.7 billion; a 40 per cent increase on the previous programme.

Action Teams were set up in February 2012 for the eight Member States with the highest level of youth unemployment at the time⁷¹ to mobilise funding still available within the 2007–2013 ESF and ERDF. The EU has reallocated nearly €600 million to specific actions for the most vulnerable groups in those countries, which include the young unemployed.

Is EU action appropriate?

41. The preponderance of evidence received suggested that action at EU level to reduce youth unemployment was necessary because of both the scale and the EU-wide nature of the problem.⁷² The Belgian House of Representatives said that youth unemployment in one country has a negative impact on the rest of

⁶⁸ COM(2013) 857 final

⁶⁹ European Commission website, 'European Alliance for Apprenticeships', at: http://ec.europa.eu/education/policy/vocational-policy/alliance_en.htm

⁷⁰ COM(2011) 933 final

⁷¹ Greece, Ireland, Italy, Latvia, Lithuania, Portugal, Slovakia and Spain.

⁷² Belgian House of Representatives; Derek Vaughan MEP; Professor Melanie Simms; Institute for Employment Studies; Youth Enterprise and Unemployment; Prospects; Employment Pathways; ETUC; Rathbone

the EU, threatening social cohesion, growth and market demand.⁷³ Professor Maguire and Derek Vaughan MEP said that, in many Member States, welfare cuts had resulted in less funding for initiatives targeted at reducing youth unemployment, meaning that EU funding was needed to fill the gaps.⁷⁴

42. A small number of witnesses were less enthusiastic about the value of EU action in this area. Esther McVey MP, the UK Minister of State for Employment, said that “the primary responsibility for tackling youth unemployment rests with the Member States”.⁷⁵ Lord Heseltine argued that the problems of youth unemployment “should be addressed by people who live in an area, know it and understand it”, a view with which Derek Vaughan MEP agreed.⁷⁶ While Emma McClarkin MEP supported EU programmes that helped entrepreneurs to grow, she pointed out that most of the EU funding allocated to address youth unemployment would be allocated to countries with a much higher youth unemployment rate than the UK.⁷⁷
43. **We acknowledge that responsibility for dealing with youth unemployment rests primarily with Member States, and the key measures to address the issue should be introduced at national level. However, we believe it is both important and appropriate that the EU continues to have a role in providing funding and other forms of support to reduce youth unemployment. There are benefits from Member States coordinating responses to the youth unemployment situation, through the sharing of good practice (see Chapter 7) and the use of EU funds for specific tasks which complement action at national level, such as kick-starting structural changes.**

Effectiveness of EU funds to address youth unemployment

44. The European Youth Forum, the UK-based Trade Union Congress (TUC) and the EU-based European Trade Union Confederation (ETUC) agreed that the €6–8 billion available through the Youth Employment Initiative was not enough to address youth unemployment in the EU, given the scale of the problem.⁷⁸ The European Youth Forum and the ETUC⁷⁹ referred to the 2012 report by the ILO’s International Institute for Labour Studies which estimated that around €21 billion would be needed to implement the Youth Guarantee effectively.⁸⁰ The Institute of Employment Studies said that the proposed funding should be judged against the high cost of NEETs across the EU Member States, which had been estimated at around 1.51 per cent of the EU’s Gross Domestic Product (GDP).⁸¹

⁷³ Belgian House of Representatives

⁷⁴ Q 24; Derek Vaughan MEP

⁷⁵ Q 234

⁷⁶ Q 262; Derek Vaughan MEP

⁷⁷ Emma McClarkin MEP

⁷⁸ Q 216; Q 82; Q 204; Institute of Employment Studies

⁷⁹ Q 204; Q 216

⁸⁰ International Institute for Labour Studies (2012), *Eurozone job crisis: trends and policy responses*

⁸¹ Institute for Employment Studies

45. The European Commission said that because of cuts to the ESF budget there was less money available to address youth unemployment in 2014–2020 than there had been in the 2007–2013 period, even taking into account the additional funding from the Youth Employment Initiative.⁸² Max Uebe, Head of Unit, Directorate-General, Employment and Social Affairs, European Commission, made clear that “EU funding alone will not suffice” for the implementation of a Youth Guarantee and that national investment would be required.⁸³ His view, however, was that an early injection of EU funds had the potential to kick-start actions at Member State level, providing immediate investment resources and a spur to Member State action.
46. A number of witnesses emphasised that the funding should be spent in a way that added value to initiatives at national level. Business Europe, an organisation that represents businesses at an EU level, said that EU money “should be targeted on seed funding and initial establishment and development rather than [used] over a long-term period.”⁸⁴ The Greek Ambassador to the UK said that, in Greece, EU funding and expertise had acted as a catalyst to initiatives at national level.⁸⁵ The Greater London Authority and Heart of the South West, the Local Enterprise Partnership (LEP) for Devon, Plymouth, Somerset and Torbay, appreciated the capacity for EU funds to add value to domestic funds, by targeting different groups and trying different strategies.⁸⁶

Regional focus

47. Derek Vaughan MEP and the Department for Employment and Learning in Northern Ireland (DELNI) expressed concern that the Youth Employment Initiative would only be available to regions with an unemployment rate of more than 25 per cent.⁸⁷ The Greater London Authority said that there was a particular difficulty in London because the funds would only apply to Inner London, where the unemployment rate was 25.7 per cent, despite youth unemployment in Outer London being at 23.3 per cent.⁸⁸ It said that greater flexibility with respect to the threshold could benefit those regions that fall slightly under the 25 per cent threshold, of which there were a number in the UK. It suggested that the UK Government should use the flexibility it had to allocate up to 10 per cent of the Youth Employment Initiative to regions that did not meet the 25 per cent mark, for Outer London.⁸⁹ On the other hand, Phil Bennion MEP said that the 25 per cent threshold would provide a clear focus for the small amount of funding, allowing it to be directed to those regions that needed it most in order to implement the necessary programmes to address youth unemployment. He agreed that it was important that

⁸² Q 191

⁸³ Q 183

⁸⁴ Q 216

⁸⁵ Greek Ambassador to the UK

⁸⁶ Heart of the South West Local Enterprise Partnership; Q 34

⁸⁷ Derek Vaughan MEP; Q 64. As noted in Box 3, the Youth Employment Initiative would allow a Member State, in agreement with the European Commission, to allocate up to 10 per cent of its funds from the initiative to young people residing in sub-regions which are experiencing high youth unemployment, but which are not in an eligible region.

⁸⁸ For regional figures see Eurostat (May 2013) ‘News Release’, available at: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/1-22052013-AP/EN/1-22052013-AP-EN.PDF

⁸⁹ Q 44

regions with an unemployment rate of less than 25 per cent were not ignored and proposed that the ESF could be used to support these regions.⁹⁰

48. **EU funds are limited in comparison with the scale of the crisis and with the amount that Member States have already pledged to address youth unemployment. EU funding should not be used to subsidise national approaches, but should be put towards establishing new initiatives and trying new methods, including those that have been successfully pioneered in other countries or regions worldwide. Where useful, it should be used to facilitate longer-term project cycles.**
49. **It is right that the Youth Employment Initiative targets EU regions that are experiencing the highest levels of unemployment. Given the finite resources available and the importance of the resources attaining maximum impact, we recommend that the UK Government focus the funding available from the Youth Employment Initiative wholly on the five areas identified in the UK. The Government should use the European Social Fund and government spending to target those areas, such as Outer London, that are experiencing high unemployment but are not eligible to receive funding from the Youth Employment Initiative.**

Evaluating the use of the EU funding

50. We received evidence from witnesses suggesting that there should be a better evaluation of the success of EU funds. Professor Simms and the Higher Education Careers Service Unit (HECSU) said that labour market initiatives were rarely evaluated systematically and longitudinally (on a long-term basis) by the EU and Member States,⁹¹ to assess “deadweight costs” or surplus spending.⁹² The Institute for Employment Studies said that, despite the growing evidence base of research and evaluation studies of EU funded projects aimed at tackling youth unemployment, there were some issues that warranted immediate attention. It said, “many evaluations do not provide even the most basic information on the results (achieving sustainable job entry) and the cost of achieving these results”.⁹³ It proposed that evaluation could be improved in three key ways. First, qualitative rather than quantitative results needed to be considered—whether a programme had genuinely improved the labour market situation of the particular group, rather than the cost of the programmes measured against the number of participants. Secondly, efforts should be made to understand the effects of the programmes beyond participants. Thirdly, there should be more research into the long-term costs and benefits of a programme and how this related to the initial spending of programmes. The Institute for Employment Studies also pointed out that the European Commission itself, as well as its appointed Expert Evaluation Network, had found problems with the evaluation of the ESF.⁹⁴

⁹⁰ Phil Bennion MEP

⁹¹ A longitudinal study is a correlational research study that involves repeated observations of the same variables over long periods of time—often many decades. It is a type of observational study.

⁹² Professor Melanie Simms; HECSU

⁹³ Institute for Employment Studies

⁹⁴ *Ibid.*

51. In the 2010 report, *Making it work: the European Social Fund*, we found that there was substantial room for improvement how the ESF is evaluated. We consider that these conclusions are still valid and that further work in this area is necessary.⁹⁵
52. **We recommend that there should be a move away from evaluating European Social Fund schemes based on the cost and number of participants. The European Commission should instead move towards an evaluation of programmes that looks at their impact on the youth job market in real terms, over a long period of time and prioritises understanding how and why actions are successful, not just whether they are. The European Commission should report to Member States on these evaluations at least every five years.**

Youth Guarantee

53. Many witnesses viewed the principle of a Youth Guarantee in a positive light. Eurofound said that the Youth Guarantee structure necessitated intervention “before disengagement sets in, and thus prevented long-term unemployment”.⁹⁶ It described the Nordic countries⁹⁷ as “pioneers” of Youth Guarantee schemes and said that the EU’s proposal for a Youth Guarantee was based on the success of similar schemes, such as that of Finland. It said that Finland’s Youth Guarantee was the reason for its very low rate of long-term unemployment among young people. Eurofound also said that one of the important benefits of this type of Youth Guarantee was that it addressed the different needs of unemployed young people by using an individualised assessment to determine whether a job, apprenticeship or further education was appropriate for them.⁹⁸
54. Other witnesses expressed support for early intervention to address youth unemployment. Mike Thompson, Head of Employability and Early Career Programmes, Barclays, said that ideally, young people should be guaranteed a place in further education, training or employment “from day one of leaving education”, although he accepted this might not be practical.⁹⁹ The UK Government said that they had reservations about the “cost-effectiveness” of the EU’s blanket provision that support should be provided after four months. This was based on the UK’s experience that most young people were able to find work without support shortly after that period.¹⁰⁰ The UK Government said that, although they did not have evidence on the average period for finding work in other Member States, the differences in the structure of unemployment benefits meant that it was unclear what would be the “right” length of time for a Youth Guarantee.¹⁰¹ They also said that “it is more useful to find an appropriate opportunity for the individual at a time that is right for them, depending on their specific situation and needs

⁹⁵ House of Lords European Union Select Committee, *Making it work: the European Social Fund* (9th Report, Session 2009–10, HL Paper 92–I)

⁹⁶ Eurofound

⁹⁷ Sweden, Norway, Denmark and Finland.

⁹⁸ Eurofound

⁹⁹ Q 105

¹⁰⁰ Q 5

¹⁰¹ UK Government

rather than offering a blanket guarantee at a fixed point in time”.¹⁰² The UK Government’s views on the interaction of the Youth Guarantee with UK measures to address youth unemployment are addressed in Chapter 4.

55. The NUS disagreed with the Government’s view that early intervention was not cost effective and was of the opinion that in the UK, where there was no Youth Guarantee, young people were forced to “languish in unemployment ... before help is available to them”.¹⁰³ Witnesses from the business sector expressed similar views when considering the efficacy of early intervention via a Youth Guarantee. Terry Morgan, Chairman of Crossrail, said that “there is no doubt in my mind that youngsters leaving school without having an opportunity to work will leave a scar on their life and we have a responsibility to try to deal with that”.¹⁰⁴ Tanith Dodge, Director of Human Resources at Marks and Spencer, a pan-EU employer, said: “I think the principle [of the Youth Guarantee] has to be right. It is how we make it work ... it is the ‘what next?’”¹⁰⁵
56. The cost of the Youth Guarantee was also an issue (see paragraph 44). The Institute of Employment Studies said that although the Youth Guarantee had proved to be an effective way of integrating young people into the labour market, it bore significant financial costs to governments, which could make its implementation challenging in several Member States.¹⁰⁶ Similarly, Eurofound said that countries with a high rate of youth unemployment and poorly developed employment services would face particularly high costs in implementing the Youth Guarantee. It said that the Youth Guarantee would not be a universal remedy, in that it was dependent on Member States removing structural problems in the labour market and ensuring the availability of opportunities for young people.¹⁰⁷
57. **The majority of the evidence we received suggests that the Youth Guarantee is a very useful initiative, which responds to the need for early intervention with young people to prevent them becoming unemployed in the long-term, which can have scarring effects. Implementation of the Youth Guarantee would help to address the current particularly high levels of youth unemployment, but should be accompanied by other measures that seek to remove the underlying structural problems related to the youth labour market in Member States such as the UK.**
58. **Having regard to the success of Youth Guarantees in other Member States, we believe that the successful implementation of a Youth Guarantee could provide Member States with a clear benchmark to work towards in terms of avoiding long-term youth unemployment.**

Flexibility of EU measures

59. The UK Government said that proposals such as the Youth Guarantee and the Quality Framework for Traineeships (see Chapter 6, Box 7) were over-

¹⁰² *Ibid.*

¹⁰³ Q 129

¹⁰⁴ Q 93

¹⁰⁵ *Ibid.*

¹⁰⁶ Institute of Employment Studies

¹⁰⁷ Eurofound

prescriptive.¹⁰⁸ However, Commissioner Andor said that the European Commission used non-legally binding Recommendations rather than legislation in order to provide Member States with enough flexibility to take into account national circumstances.¹⁰⁹ Max Uebe, European Commission, said that “Member States are committed to ensure that all young people up to 25 [are in employment, education or training] within four months. How they achieve it, honestly we do not care at all.”¹¹⁰ Indeed, the TUC said that the Recommendation for a Youth Guarantee was too flexible and that implementation of a Youth Guarantee should be a requirement for Member States to access the funding available under the Youth Employment Initiative.¹¹¹

60. **EU proposals to address youth unemployment strike a good balance between setting out an EU strategy to reduce unemployment (based on the good practice of different Member States) and allowing individual Member States to tailor EU funding and proposals to specific national circumstances.**

¹⁰⁸ Q 245; Q 6

¹⁰⁹ Q 190

¹¹⁰ Q 184

¹¹¹ Q 82

CHAPTER 4: USE OF EU FUNDING AND INITIATIVES IN THE UK

61. This chapter considers how EU funding is managed in the UK and suggests possible improvements to its effectiveness. The structure of EU funding in the UK is set out in Box 5 below.

BOX 5

EU funding in the UK

Expenditure for the 2007–13 European Social Fund (ESF) programme is to be completed by the end of 2015. The next programme will run from 2014–2020 and the funds available under this programme will need to be spent by 2022. Under these multiannual programmes, Member States present national strategic reference frameworks and negotiate regional operational programmes with the European Commission in order to tailor activities to the specific situation in the respective Member State or region. For the Youth Employment Initiative, Member States have to submit a Youth Guarantee Implementation Plan. Once approved, these are adopted as Council Decisions.

Within the UK, there are separate programmes for the ESF and the European Regional Development Funds (ERDF) in England, Scotland, Wales and Northern Ireland. Management of the ESF funds in Scotland, Wales and Northern Ireland is devolved.¹¹² The UK Government have said that from 2014, they have brought together the ESF, ERDF (and part of the European Agricultural Fund for Rural Development) in England, to form a single European Growth Programme.¹¹³

The ESF and ERDF are organised according to ‘funding rounds’ which are referred to as ‘programmes’ and run for seven years. The Youth Employment Initiative will be allocated using the same mechanism as the ESF¹¹⁴ and ERDF,¹¹⁵ and is expected to be worth €194 million to the UK. Expenditure must be completed by 2018.¹¹⁶

The Regulations governing the ESF and ERDF dictate that Member States must contribute national ‘match funding’ to programmes. The level of match funding varies among Member States and between objectives and is set out in the relevant Regulation.¹¹⁷ In England, most of this match funding comes from employment and skills programmes managed by the Department for Work and Pensions and the Skills Funding Agency (SFA)¹¹⁸ under the co-financing system. Under this system, co-financing organisations (such as the SFA in England) identify the match funding before going out to open and competitive tendering amongst the organisations that will deliver the projects on the ground.

¹¹² We contacted all of the devolved administrations requesting evidence. We received written evidence from the Welsh Government, and oral evidence from the Northern Ireland Executive.

¹¹³ UK Government

¹¹⁴ Regulation (EU) No 1304/2013

¹¹⁵ Regulation (EC) No 1080/2006

¹¹⁶ Q 1

¹¹⁷ Regulation (EU) No 1304/2013; Regulation (EC) No 1080/2006

¹¹⁸ The Skills Funding Agency is an executive agency of the Department for Business, Innovation & Skills. It is responsible for giving colleges, training organisations and employers the funding to help young adults, the low skilled, and the unemployed to get the skills they need for employment.

For the 2014 to 2020 funding period, Local Enterprise Partnerships (LEPs) made up of local business and civil society organisations, will have responsibility for presenting strategies to the UK Government outlining how they intend to allocate the ERDF, ESF and (where eligible) Youth Employment Initiative funds in their area, in the context of their wider economic strategies. 39 LEPs cover the whole of England. Local areas have considerable discretion about the composition of LEPs, provided they are chaired by a business person and at least half their members are from the private sector. LEPs are not specialists in the area of youth unemployment and draw in expertise from their wider membership. The EU funding plans submitted by them will therefore vary in the extent to which they use the ESF to target youth unemployment and how much of a priority they see the issue as being in their localities.

UK Government position on the Youth Employment Initiative funding

62. The European Commission anticipates that Member States will use the Youth Employment Initiative funding to set up Youth Guarantee schemes.¹¹⁹ As indicated in Chapter 3, the UK Government expressed concern about the Recommendation for a Youth Guarantee. They confirmed that since the Recommendation for a Youth Guarantee was non-binding, they would not offer a guarantee, but would instead offer “tailored support to young people based on their needs”.¹²⁰
63. As already outlined, the core of the Government’s argument against a Youth Guarantee related to the specific situation in the UK, where they said that 80 per cent of 18–24 year olds claiming Jobseekers’ Allowance stopped doing so within six months. The Minister of State for Employment said that since most young people came off benefits after six months “it would be inappropriate to put the support in earlier.”¹²¹ We found this rationale to be problematic because it did not address whether the young people who had stopped claiming benefits had done so because they had found suitable employment, education or training; nor did it address the situation of young people who were unemployed but not claiming benefits. Indeed, the Government conceded:
- “The numbers that we quote with some glee about the [Job Seekers Allowance] off-flows do suggest that most people who get on to [Job Seekers Allowance] leave, and leave for a positive outcome, very quickly. There is not the same success with people who we are not in touch with, and they tend to be people who are not looking for work ... There is a set of positive flows, which most young people go through and find jobs across a range of industries. There is then a smaller group who we mostly have not got hold of, who are there for a long period of time.”¹²²
64. The TUC expressed dissatisfaction with the UK Government’s decision not to use the Youth Employment Initiative funding to set up a Youth Guarantee. It said that the UK Government was the only Member State

¹¹⁹ COM(2013) 144 final

¹²⁰ UK Government

¹²¹ Q 239

¹²² Q 9

government to express such a clear opinion against the Youth Guarantee. Richard Exell, Senior Policy Officer, TUC said that: “The only explanation I have seen [for the Government not supporting the Youth Guarantee] is that it was not invented here. That is a very depressing reason for not going ahead with [it].”¹²³ Professor Martyn Sloman, Visiting Professor of Management, Kingston Business School, said that it was unclear whether the Government’s response to the Youth Guarantee “reflects underlying Euro-scepticism” or “unease over the approach”. He said that the “Youth Guarantee should be seen as an opportunity not an imposition”.¹²⁴

65. As at 15 January, of the 20 Member States expected to benefit from the Youth Employment Initiative funding, only the UK Government and two other Member State governments had not submitted their plans as to how they would spend the funds.¹²⁵ On 21 January, Commissioner Andor told us that the UK was the only Member State not to have submitted its plan.¹²⁶ The Government submitted their plan for spending the Youth Employment Initiative funds on 3 March 2014, over two months after the deadline. In their plan they said that, while they strongly supported the aim of the Youth Guarantee (to reduce youth unemployment), they did not plan to introduce it in the UK for the reasons discussed in Chapter 3 (paragraphs 53-54) and paragraphs 62–63. The Government’s plan described how their current initiatives met the key elements of the approach detailed in the Recommendation for a Youth Guarantee. The European Youth Forum and Pervenche Berès MEP, the Chair of the European Parliament Committee on Employment and Social Affairs, expressed surprise at the Government’s delay in submitting a plan for spending the Youth Employment Initiative, given the amount of money available and the need to consult on how it should be spent.¹²⁷
66. **We regret the UK Government’s delay in submitting their plan setting out how they will spend the Youth Employment Initiative funds. We are also disappointed with the Government’s lack of support for the European Commission’s Recommendation for these funds to be used to set up a Youth Guarantee. We recommend that the Youth Employment Initiative funds should be used to pilot a Youth Guarantee scheme in the five areas expected to benefit from the Youth Employment Initiative.**

Interaction between current UK Government funding and EU measures

67. It was not within the remit of our inquiry to scrutinise domestic policy, but we considered UK measures in order to understand how they interact with EU initiatives. It is the UK Government’s duty to manage both EU and national funding to ensure that, together, they provide the maximum possible support to young people. Therefore, one of their objectives should be that EU funding can ‘add value’ to the substantial body of funding and

¹²³ Q 82

¹²⁴ Professor Martyn Sloman

¹²⁵ European Commission website, Press release, 15 January 2014

¹²⁶ Q 192

¹²⁷ Q 150; Q 213

programmes available at a national level and, “make sure ESF is filling the gaps.”¹²⁸

68. The Government’s main current initiatives to address youth unemployment in the UK are outlined in Box 6.

BOX 6

UK measures to address youth unemployment

The Youth Contract was launched at the beginning of April 2012 and is the UK Government’s flagship scheme aimed at reducing youth unemployment. It aims to help young unemployed people prepare for work and find long-term employment. The Government said that the Youth Contract has the capacity to provide 500,000 new opportunities for 18–24 year olds. The six key elements of the Youth Contract are:

- Funding for 160,000 “wage incentives” schemes, over three years, worth up to £2,275 each for employers who recruit an 18–24 year old who has spent six months or more on benefits. “Wage incentive” payments are made to the employer after the young person has been employed with them for six-and-a-half months.¹²⁹
- An extra 250,000 work experience or sector-based work academy places.
- More time with Job Centre plus advisers.
- An opportunity to be referred to a careers interview with the National Careers Service.
- An investment of £150 million over three years to support the most disengaged and disadvantaged 16–17 year olds by supporting them to get back into education, onto an apprenticeship scheme or into a job with training.

The Work Programme was launched in June 2011 and supports those who have been Not in Employment, Education or Training (NEET) for a long period of time.¹³⁰ The Government are investing £3–5 billion in the Work Programme. Most young people are referred to the Work Programme after claiming Job Seekers Allowance for nine months—rather than 12 months, as is the case for claimants aged over 25. Around 28 per cent of those referred to the programme are young people. 18 providers have been selected to deliver Work Programme contracts across the UK. These so-called ‘prime’ providers have assembled supply chains involving smaller specialist and local organisations.

The Work Programme gives these providers freedom to provide individually tailored help to those on the programme. The providers are paid by results: they can claim a job outcome payment after a participant has been in a job for three or six months (depending on the young person’s situation) and are paid more for supporting groups that are “harder to help” into work. Providers can then claim sustainment payments every four weeks for up to two years.

Source: UK Government, written evidence

¹²⁸ Q 5

¹²⁹ UK Government (July 2013), *Youth Contract Wage Incentive Payments—experimental statistics*, Department for Work and Pensions, p.3

69. The UK Government's plan for implementing the Youth Employment Initiative in England featured their existing policies to support people into work, including the Work Programme and Youth Contract measures.¹³¹ Professor Sloman referred us to a Government statement that the UK's Youth Contract broadly met the underlying aims of the EU's Youth Guarantee and that the Youth Contract would form part of their plan for spending the Youth Employment Initiative.¹³²
70. **We are not convinced by the UK Government's argument that the Youth Contract meets the aims of a Youth Guarantee. The Youth Contract has as its focus the financial bolstering of the demand side (for example, via wage incentives for employers) in order to create work experience opportunities for young people. The Youth Guarantee is focused on individuals and commits to finding them a suitable placement within four months. This in turn differs from the Work Programme, which focuses on finding sustainable job opportunities for those referred to it.**
71. We also received evidence indicating a lack of support for the Youth Contract. WORKing for YOUth, an organisation that works with multinational employers to address youth unemployment, said that "in the private sector they know [the Youth Contract] has underperformed ... the problem is that it was underinvested in at the beginning. It only aimed to get 50,000 young people into work after its first year, when 250,000 people were out of work at the time".¹³³ Although the wage incentive section of the Youth Contract has the potential to help 160,000 young people over three years, the UK Government's figures showed that from the launch of the Youth Contract in April 2012 up until November 2013, only 10,030 wage incentives were paid to employers who had taken on an unemployed young person. The data did indicate an increase in take-up of the scheme, with 65,500 "job starts" over 18 months.¹³⁴ WORKing for YOUth said that the Youth Contract's lack of success had meant that it had not "captured the imagination" of the private sector.¹³⁵ Professor Sloman said that it was difficult to understand why the Government were putting forward the Youth Contract, which he referred to as "one of the least successful of the recent plethora of initiatives", as a plan for spending the Youth Employment Initiative funding.¹³⁶
72. **We recommend that the UK Government reconsider their decision to use the Youth Employment Initiative funding to bolster existing domestic initiatives, including the Youth Contract. They should instead implement a pilot Youth Guarantee in the five areas which will receive the Youth Employment Initiative funding. The Youth Contract is focused on addressing the longer-term structural issue of**

¹³⁰ UK Government website, 'Managing the work programme'; Since Job Seekers Allowance is only available to unemployed persons aged 18 and over, 18 year-olds who have already been unemployed for six months previously are referred to the Work Programme at the three month point in their claim.

¹³¹ UK Government

¹³² Professor Martyn Sloman

¹³³ Q 106

¹³⁴ UK Government (February 2014), *Youth Contract Official Statistics*, Department for Work and Pensions

¹³⁵ *Ibid.*

¹³⁶ Professor Martyn Sloman

a lack of entry-level opportunities in the youth labour market. The Youth Guarantee’s focus on stemming the post-2008 increase in youth unemployment would therefore complement rather than duplicate the work of the Youth Contract.

Gaps in UK funding provision

73. It is unclear how much coordination exists between the provisions made by local civil society organisations and funding from the UK Government or EU. Youth Unemployment UK Community Interest Company (CIC) was critical of the support available centrally for young jobseekers, but said the support available from the voluntary and youth sector was encouraging and was achieving good results. However, it said that there had been “no integration and little leverage” of the various types of support available and that “there are a raft of measures” to support harder-to-reach young people, but that graduates and other young people moving from education to work do not have access to the same level of support.¹³⁷ The Association of Graduate Careers Advisory Services (AGCAS) agreed with this view and said that “there is probably insufficient congruence between efforts directed at NEETs and those which could be deployed to move graduates from ‘underemployment’¹³⁸ into graduate level employment.”¹³⁹ It said that a link between the two was important in order to avoid graduates creating a “blockage” to entry-level jobs, thereby exacerbating youth unemployment.¹⁴⁰
74. The UK Government acknowledged that “the system” in the UK was geared up to focus on “the most disadvantaged young people”. They said that “in general, the UK policy is not to help those who need the least help, it is to help those who need the most help”.¹⁴¹ They said that the focus was on disadvantaged people who were long-term unemployed, with the expectation that other people will find a job soon enough, without government assistance.
75. **The funding available at UK level is largely focused on disadvantaged or long-term unemployed young people, rather than other young people who might also be struggling to find appropriate and sustainable work. We agree that the majority of the funding in this area should be focused on those young people who are the hardest-to-reach.**
76. **We note that highly skilled young people who are ‘underemployed’ can create a blockage to entry-level jobs for other young people. We recommend that the UK Government use some of the European Social Fund to introduce ways of assisting highly skilled young people to access the labour market, for example, through improved careers advice or support for entrepreneurship. This would complement their use of the majority of government and EU funding to target those disadvantaged young people who may be harder-to-reach.**

¹³⁷ Youth Unemployment CIC

¹³⁸ Underemployment refers to an employment situation that is insufficient in some important way for the worker. In the context of youth unemployment, underemployment usually refers to holding a part-time job despite looking full-time work or where the employee has education, experience, or skills well beyond the requirements of the job.

¹³⁹ AGCAS

¹⁴⁰ *Ibid.*

¹⁴¹ Q 8

Local control over EU spending

77. We received a substantial amount of evidence to suggest that there was a need for the UK Government to devolve further EU funding in the area of youth unemployment to local authorities and bodies.

The view of local authorities and Local Enterprise Partnerships

78. Birmingham City Council said that local authorities needed to have greater influence in commissioning support and services to address youth unemployment in their areas. It pointed out that the current management structure of the ESF in the UK, where projects are co-financed through bodies such as the SFA, meant that UK Government contracts were awarded to large national providers who had no local presence and were often poor at connecting with local harder-to-reach young people.¹⁴² The Council agreed with the Greater London Authority's view that, as a local authority, it was not easy to "find your hardest-to-reach people."¹⁴³ It said that the best way of finding and helping these young people was in consultation with local specialist charities, which "perhaps specialise in drug addiction or an ultra-local approach from a particular estate".¹⁴⁴
79. Birmingham City Council, the Local Government Association and the Buckinghamshire Thames Valley LEP said that young people and local businesses found it easier to engage with localised funding providers. Local agencies could provide a "single uncomplicated gateway",¹⁴⁵ and give young people a chance to contribute to what works.¹⁴⁶ DELNI said that in their experience, a local approach could better engage businesses in youth unemployment schemes, empowering them to take leadership over training.¹⁴⁷
80. The Gilfillan Partnership, a research and evaluation organisation for skills and employment, was concerned that local decision-makers could be as remote as central government from understanding the realities for unemployed young people, if they did not involve "people working with the most disengaged people on the ground fully in designing their programmes".¹⁴⁸ It said that such engagement was important, in terms of enabling LEPs to gain an understanding of what had been successful before, but that this did not appear to be happening because of the pressure LEPs were under to submit their spending plans to the UK Government on time. It suggested that a possible solution to these problems might be the production of a practical guide for LEPs and similar bodies, providing examples of how certain issues had previously been addressed and with contact information for people and organisations who had built up experience in tackling youth unemployment.¹⁴⁹

¹⁴² Birmingham City Council

¹⁴³ Q 45

¹⁴⁴ *Ibid.*

¹⁴⁵ Q 40

¹⁴⁶ Buckinghamshire Thames Valley Local Enterprise Partnership

¹⁴⁷ DELNI

¹⁴⁸ The Gilfillan Partnership

¹⁴⁹ *Ibid.*

The UK Government's view

81. The UK Government acknowledged that the structure of support in the UK had been too centralised in the past. They said that the move to localism was still work in progress and that they were in the process of consulting local authorities and writing guidance about how devolution of powers in this area should be structured.¹⁵⁰ Lord Heseltine signalled a note of caution in this respect, as he reflected on the extent to which the Government had taken forward the recommendations in his report, *No Stone Unturned: in pursuit of growth*¹⁵¹ that there should be a greater devolution of powers to local government. He said that “giving up the reins of power is not an attractive thought for anyone who holds the reins. The Government have gone further than any previous Government. I much admire that but they could go a lot further.”¹⁵²

Timescales for spending EU funds

82. Witnesses had mixed views on the usefulness of the timescales associated with EU funds, which are based around seven year programmes (see Chapter 4, Box 5). Birmingham City Council said that, although European funding programmes worked in seven year cycles, they had mainly been used to support short-term projects that last two or three years. It said that a longer-term approach would allow local authorities to develop relationships that are more productive with business and local organisations.¹⁵³ Prospects, an organisation that provides services (including the UK's Youth Contract) to young people, agreed with this view and said: “sometimes just as the programme becomes embedded and is producing good results, we stop, we re-commission, we tender again and we come up with a different model”.¹⁵⁴ In response, the UK Government said that the seven year cycle is problematic, because it did not match the three year spending review cycle at a domestic level.¹⁵⁵ Youth Enterprise and Unemployment, an organisation that runs an EU funded e-learning programme, also said that fund allocation in the UK should be longer-term, as short-term interventions were useful as pilots, but did not address long-term and generational issues such as youth unemployment.¹⁵⁶
83. **We conclude that the current system of managing EU funding in the UK is too centralised and over-reliant on very large-scale, standardised contracts. We believe that this has resulted in provision which is insufficiently tailored to local needs and which makes ineffective use of local civil society organisations, local authority experience and specialist knowledge, particularly in relation to services for harder-to-reach young people. It also prevents proper engagement with young people and local businesses. We therefore welcome the UK Government's commitment to introduce greater**

¹⁵⁰ Q 241

¹⁵¹ The Rt Hon the Lord Heseltine of Thenford CH (2012) ‘*No Stone Unturned: in pursuit of growth*’ Department for Business, Innovation and Skills

¹⁵² Q 259

¹⁵³ Q 36

¹⁵⁴ Q 53; HECSU

¹⁵⁵ Q 245

¹⁵⁶ Youth Enterprise and Unemployment

localisation into the allocation of funding and their undertaking to give additional freedoms and flexibilities to Local Enterprise Partnerships. We urge the Government to ensure that this local approach is carried through to the finalised programme guidance and recommend that they consider full devolution of responsibilities, including programme management and delivery, to those local authorities and Local Enterprise Partnerships who see a need for it in their area.

- 84. We recommend that the UK Government and local authorities produce written guidance to help Local Enterprise Partnerships and other relevant bodies to build quickly an understanding of what has previously been successful in the area of provision for young unemployed people. This should be based on robust evaluation and experience and should be disseminated widely.**
- 85. We recommend that local authorities and Local Enterprise Partnerships use the seven year cycle connected with EU funds to complement national measures, which are often two or three years in duration, by funding longer-term projects. These would provide sustainable solutions for young people and businesses that need more targeted support, and help overcome the current situation where provision is short-term and continually changing. The UK Government should ensure that the terms of their agreement with local authorities and Local Enterprise Partnerships enables them to use the funds in this way.**

CHAPTER 5: USING EU FUNDS TO PREPARE YOUNG PEOPLE FOR WORK

86. In considering measures to address youth unemployment, commentators and evidence we received widely accepted that there is a distinction between stimulating the market to create jobs for young people (the demand side) and supporting young people to enable them to access the job market (the supply side).¹⁵⁷ This chapter looks at whether and how EU funds should be used to improve the skills of young people in order to address youth unemployment.

A holistic approach

87. A number of stakeholders at EU level have emphasised the need for a holistic approach. In a 2011 resolution entitled *Tackling youth unemployment: possible ways out*, the European Parliament called for a holistic approach which took into account education, training and the level of growth in Member States.¹⁵⁸ In a 2013 peer review paper, the European Commission stressed the benefits of “holistic or ‘one stop shop’ services”, which focussed on social as well as labour market outcomes. It acknowledged that the probability of entering the NEET group was linked to socio-economic factors such as low family income, disability issues, or migrant status.¹⁵⁹
88. The young people we spoke to during our visits to Birmingham and Liverpool (see the note on these visits at Appendix 4), some of whom were from disadvantaged backgrounds or had faced complex personal barriers to finding work, emphasised the importance of a holistic approach in seeking to address youth unemployment. They highlighted the importance of stable and affordable housing as a prerequisite to long-term employment and said that employers were often unable to appreciate that personal issues occurring outside the workplace may affect an employee’s ability to attend or perform properly. They said that this made it harder for young people with complex backgrounds to find employment. Rathbone, a voluntary organisation that works with young people, said that a lack of financial support for travel, subsistence and equipment could sometimes be more of a barrier to young people accessing work than capability.¹⁶⁰
89. **The successful provision of support to young people to prepare them for work demands a holistic approach centred around the individual. Key issues specific to each individual, such as their access to transport, the need for a safe and welcoming environment at home and in the workplace, criminal records, learning difficulties and other personal considerations, need to be taken into account.**

¹⁵⁷ McKinsey and Co., (2014), *Education to Employment: Getting Europe’s Youth Into Work*; Q 187; Q 179

¹⁵⁸ 2013/2045(INI)

¹⁵⁹ European Commission, (2013) *Are they working?: A review of approaches to supporting young people into work*, Mutual Learning Programme Thematic Paper

¹⁶⁰ Rathbone

Qualifications

90. Pervenche Berès MEP placed an emphasis on formal qualifications in terms of the employability of young people. She referred to hard-to-reach¹⁶¹ young people as the “greatest challenge, because not only do these young people have to get into work, someone has to make sure that they are able to upgrade their qualifications”.¹⁶² McDonald’s agreed with this, saying that it was important that larger companies offered people without many qualifications an opportunity to gain further qualifications once they had left the traditional academic environment, to improve both their skills and confidence.¹⁶³ However, Ms Berès and McDonald’s both agreed that qualifications were not the only important factor in enabling young people to access the labour market.¹⁶⁴ Ms Berès said that there was a problem of even very well qualified young people not being able to find jobs after gaining a degree.¹⁶⁵ One of the young people we met in Birmingham told us that, despite her four higher education qualifications, she had been unable to find employment for the last two years. She said that she was not alone in this situation, and suggested that employability skills were as important as qualifications. Employment Pathways CIC, an organisation that works with employers and young people, said that a range of young people including NEETs, long-term unemployed and some graduates, lacked the skills to make them employable.¹⁶⁶

Skills

91. Employers suggested that one of the key issues in the area of unemployment was that young people did not have the basic skills to take the available jobs. Marks and Spencer said, “we are seeing ... school leavers lacking basic employability skills, such as communication, self-esteem, confidence”.¹⁶⁷ It said that this created a vicious circle where young people were unable to get jobs due to their lack of skills, which then further damaged their confidence.¹⁶⁸ WORKing for YOUth said that “employers tell us in no uncertain terms that it is the soft skills—the communicative skills, the social skills—that they find most lacking by the time people leave school to come to them”.¹⁶⁹ Mike Thompson, Barclays, linked the lack of skills to young people’s readiness for work. He said that “there is a big stigma hanging over young people at the moment regarding their readiness” and said that in Barclays’ experience, “it does not take an awful lot to get them ready”.¹⁷⁰ He acknowledged that connecting with and training young people was perhaps easier for large organisations like Barclays and that small businesses tended to recruit those who already had experience.

¹⁶¹ The term ‘hard-to-reach’ is a term sometimes used by policy-makers to describe those sections of a society or community that are difficult to involve in public participation or government schemes.

¹⁶² Q 145

¹⁶³ Q 89

¹⁶⁴ Q 89; Q 145

¹⁶⁵ Q 145

¹⁶⁶ Employment Pathways CIC

¹⁶⁷ Q 89

¹⁶⁸ Q 89

¹⁶⁹ Q 102

¹⁷⁰ *Ibid.*

92. Adam Swash, Head of Strategy at Experian and founder of WORKing for YOUth, said that often, small businesses did not believe they had the time to give to young people in order to get them ready for work. The National Association of College and University Entrepreneurs (NACUE) concurred with this, noting that the increase in the number of small and medium-sized enterprises (SMEs) may have changed what was expected of young people entering the job market.¹⁷¹
93. The European Youth Forum, NACUE and Impetus, a private equity foundation that funds and supports charities working with young people, said that young people were expected to have the necessary skills before starting a job and that previously employers had invested more in training a person over a lifecycle.¹⁷² The NUS agreed with this and explained:
- “at the moment it feels like the responsibility only flows in one direction ... it is the young person’s responsibility to be work-ready. Twenty years ago these people were not ultimately work-ready but there was an expectation that they went in at mid-level jobs, they would be trained in the job, they would understand the cultures of the workplace and they would become work-ready.”¹⁷³
94. The EU institutions have made efforts to overcome this lack of soft skills and improve the training available. As mentioned in Chapter 3, Box 3, the ERDF provides support to SMEs to enable them to take on apprentices and trainees. The European Commission recognises that apprenticeships and work-based learning ease the transition from education and training to work and it has developed policies on apprenticeships and traineeships. The EU initiatives in this area will be discussed in Chapter 7.
95. **In recent years a number of factors, including an increase in the number of small businesses with limited resources, have resulted in a move towards the expectation that young people should be ‘work-ready’, rather than being trained ‘on the job’. We welcome the focus in the European Regional Development Fund Regulations on supporting SMEs so that they can take on apprentices.**

Skills mismatch

96. In its Communication, *An agenda for new skills and jobs*,¹⁷⁴ the European Commission said that there is a persistent mismatch between skills available and the needs of the labour markets across the EU. It outlined a number of different types of mismatch, which were broadly grouped around two main concepts: a “skill deficit”, where the workers’ skills did not meet the requirements of the job and “skill underutilisation (over-skilling)”, where the workers’ skills exceeded those required by the job. The European Commission also said that the same type of mismatch occurred in relation to formal qualifications.¹⁷⁵ In December 2013, the European Commission introduced the EU Skills Panorama, a website presenting quantitative and qualitative information on skill needs, skills supply and skills mismatches in

¹⁷¹ Q 134

¹⁷² Q 210; Q 134; Impetus

¹⁷³ Q 134

¹⁷⁴ COM (2010) 682 final

¹⁷⁵ European Commission (2013), *Skills Mismatches and Social Mobility*.

different Member States. The EU Skills Panorama highlights the occupations with the most and the least jobs available.

97. Business Europe highlighted the impact of the skills mismatch on youth unemployment. It said:
- “there are in the region of two million unfilled vacancies across the EU at the moment. At the same time, people are as highly educated as they have ever been, and the number of people going into tertiary education is growing all the time, yet we see that in a number of Member States obviously there are very high levels of youth unemployment”.¹⁷⁶
98. NACUE said that the skills mismatch in the case of overqualified graduates represented a missed opportunity for employers, who often did not have the mechanisms in place to enable young employees to add value to the business.¹⁷⁷ The British Youth Council suggested that this negative effect was also likely to be felt by young people for whom an inability to use their skills could result in a feeling of worthlessness.¹⁷⁸ Therefore, youth ‘underemployment’ seemed to be as much of a problem as youth unemployment.
99. The European Council has reported that the skills mismatch is particularly apparent in the area of Information and Communications Technology (ICT) skills. In the October 2013 European Council Conclusions, Member States agreed that this was a cause for concern in the context of the youth unemployment problem. The Council found that, in 2011, the EU was faced with 300,000 unfilled vacancies in the ICT sector and that if this trend continued there could be as many as 900,000 unfilled ICT vacancies by 2015.¹⁷⁹ At the Paris Youth Employment Conference in November 2013, Herman Van Rompuy, President of the European Council, said that, despite the market demand for ICT skills, the number of ICT graduates was falling.¹⁸⁰ Business Europe said that employers were increasingly looking for digital skills, along with a broader range of skills relevant to technology—Science, Technology, Engineering, and Maths (STEM) skills.¹⁸¹ However, the European Youth Forum emphasised that a long-term approach to specialist skills training in general is important, rather than an overemphasis on ICT skills to the detriment of other growth sectors. It gave the example of Ireland, where the ICT sector is particularly important now, but where a few years ago the construction industry was the employment hub for young people—indicating that the level of demand for a certain skill-set can change rapidly. In addition to a deficit of higher level ICT skills, the Centre for European Studies, a political foundation of the European People’s Party, spoke about the importance of a more basic level of “digital literacy” which it said needed to become “part and parcel” of the education system.¹⁸²

¹⁷⁶ Q 210; see also Q 156 (Emer Costello MEP); Emma McClarkin MEP; Anthea McIntyre MEP

¹⁷⁷ Q 134

¹⁷⁸ Q 128

¹⁷⁹ European Council Conclusions, 24–25 October 2013, EUCO 169/13

¹⁸⁰ European Commission, Speech by President Herman Van Rompuy, 12 November 2013, available at: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/139543.pdf

¹⁸¹ Q 211

¹⁸² Q 211

Skills mismatch and digital literacy in the UK

100. In its 2013 Country-specific Recommendation to the UK, the European Commission said that, despite some progress in recent years, a significant proportion of young people did not have the necessary skills to compete successfully in the labour market.¹⁸³ The European Commission said that the UK had a shortage of workers with high quality technical skills, at the same time as having an oversupply of “low-skilled” workers. It found that the unemployment rate of “low-skilled” 15–25 year olds in the UK was 37.2 per cent in 2013, significantly above the EU average.¹⁸⁴
101. Go ON UK, a UK based alliance that supports digital skills, said that digital literacy in the UK was worse than some other Member States, with six per cent of young people in the UK lacking the basic online skills required to send an email. It also mentioned the OECD survey of Adult Skills, published in 2012, which tested people’s proficiency at problem solving in technology rich environments. The UK came seventh out of the EU countries on the scale, behind the Scandinavian countries, Germany and the Netherlands. It said that a possible role for EU funding in this area could be through matching young unemployed people with employers, including SMEs who needed employees with strong digital literacy or higher level ICT skills and supporting them to train the young people to provide the skills they required.
102. **We welcome the efforts made at EU level to address the skills mismatch, via the introduction of the EU Skills Panorama. We recognise that the skills mismatch is a particular problem in the UK, resulting in particularly high unemployment rates amongst low-skilled young unemployed people. We therefore recommend that the UK Government integrate the EU Skills Panorama into careers services provided at a national level, through schools, job centres and online resources.**
103. **We agree with the European Council that a greater focus on Information and Communications Technology (ICT) skills is necessary, particularly as the ICT sector is currently experiencing a skills shortage. However, we caution against an over-concentration in this area, at the expense of other emerging sectors. The UK Government could use the European Social Fund and European Regional Development Fund to support enhanced provision of both basic and higher level ICT training and skills training in general for young people in schools and businesses.**

Careers advice

104. The evidence we received suggested that careers advice presented a problem in the area of youth unemployment. Business Europe said that the type of support provided should be dependent on age and level of education; young people at university had the benefit of in-house careers advice, whereas for school leavers who chose not to opt for further education, it was less straightforward to access information services.¹⁸⁵ Rebecca Taylor MEP, Vice-Chair of the European Parliament Youth Intergroup, agreed that more

¹⁸³ COM(2013) 378 final

¹⁸⁴ *Ibid.*

¹⁸⁵ Q 208

support was needed for school aged young people and said that it was important to use good careers advice to show young people the link between their studies and a potential career, before they “switch off”.¹⁸⁶ She said that as well as school leavers, highly qualified young graduates were still lacking in the basic skills needed to apply for jobs, such as a good understanding of employers’ expectations.¹⁸⁷

105. A recent report by McKinsey and Co, the business consultancy firm, confirmed that careers advice was a problem across Europe and found that less than a third of the 5,300 young people surveyed in eight Member States felt that they were getting good careers advice at secondary school level.¹⁸⁸
106. The European Commission has taken steps to overcome this issue, through the EURES portal, which is the EU’s information and job search source. However, given its origins, the portal is largely focused on providing people with the information and advice they need to go and work in another Member State. Furthermore, the evidence we received indicated a lack of awareness of the EURES portal (see Chapter 6, paragraph 130).¹⁸⁹

Careers advice in the UK

107. Much of the evidence we received on this particular topic was UK focused, but given that young people across the EU feel that they are not receiving good careers advice,¹⁹⁰ it may well be that the UK experience is relevant to that of other Member States.
108. Careers advice for young people under 18 is provided by schools, and advice for those over the age of 18 is provided by the National Careers Service, which is run by the SFA. The SFA said that the most common searches on its careers advice website were for a limited set of jobs. The Office for Standards in Education, Children’s Services and Skills (Ofsted) said that the young people it had surveyed in schools had a very narrow perspective of the opportunities available to them.¹⁹¹ It said that this lack of knowledge about possible careers was a reflection of the poor careers advice available to young people in schools.¹⁹² Walpole Publishing Ltd, a publication company that produces a careers guidance magazine, agreed that career advice in schools was poor. It also observed that the use of schools to provide careers advice presented a conflict of interest, whereby schools received funding from keeping young people on an academic pathway until sixth form, whether or not it was best for them.
109. Walpole Publishing Ltd and HECSU expressed concern with a move from a face-to-face model for careers advice to a careers service that was primarily online.¹⁹³ HECSU said this had alienated many young people who did not have access to the internet, found it difficult to navigate websites, or were

¹⁸⁶ Q 168

¹⁸⁷ *Ibid.*

¹⁸⁸ McKinsey and Co., (2014), *Op. Cit.*

¹⁸⁹ Q 130

¹⁹⁰ McKinsey and Co., (2014), *Op. Cit.*

¹⁹¹ Q220

¹⁹² Q 220

¹⁹³ Walpole; Q 222

looking for nuanced advice and not simply information.¹⁹⁴ The National Careers Service currently has only 12 face-to-face centres, which are available solely for young people over the age of 18. The SFA and the UK Government said that this face-to-face service was supported by over £8 million from the ESF annually.¹⁹⁵

110. **There are a variety of sources of careers advice which need to be coordinated. The UK Government should continue to use the European Social Fund to support the National Careers Service and extend its face-to-face element beyond the 12 centres currently offered. They should also encourage use of the European Social Fund to improve labour market knowledge at earlier stages in young people's progression through education and training. One way of doing this would be by continuing to make support available to NEET young people. The National Careers Service should act as a 'one stop shop' to refer young people to the different sources of careers advice.**
111. **We also recommend that the UK Government use the European Social Fund and the European Regional Development Fund to enable businesses to connect with schools in order to provide careers advice. This could be facilitated through business representation in Local Enterprise Partnerships.**

¹⁹⁴ Q 222

¹⁹⁵ Q 228; see also Government

CHAPTER 6: THE JOB MARKET FOR YOUTH IN THE EU

112. As discussed in Chapter 2 (paragraphs 27–32), the evidence we received suggested that, in some Member States, the youth unemployment crisis is in part a result of structural issues on the ‘demand side’. Therefore, this chapter considers the extent to which changes in the job market can help address youth unemployment.

Job quality

113. We heard from witnesses that, as well as a high youth unemployment rate, there was concern about getting people into quality, sustainable jobs. They observed that throughout the EU it had become difficult to find a secure job, with young people moving between paid and unpaid work.¹⁹⁶ Professor Simms said that “overall, governments’ policies have tended to focus on getting people into work, no matter the quality of the jobs available”.¹⁹⁷ She said that problematic early experiences of precarious work could lead to young people becoming disengaged at an early stage in their working lives and lead to reduced opportunities later on.¹⁹⁸ The structure of the labour market in many EU Member States meant that the “last in, first out” rule applied and this typically affected young people who had just joined the workforce.¹⁹⁹
114. The TUC said that it had conducted research in the UK which showed that the proportion of young people in low-paid jobs in 2011 was substantially higher than in 1993. Perhaps the most controversial manifestation of this had been so-called ‘zero hours contracts’. These were contracts whereby the employer was not obliged to provide the employee with any minimum working hours and the employee was not obliged to accept any of the hours offered.²⁰⁰ The British Chambers of Commerce and the Centre for European Studies said that flexible contracts (such as zero hours contracts) provided a solution for employers and made it easier for young people to access the job market.²⁰¹ However, the TUC and youth representatives suggested that, while zero hours contracts could provide solutions to those accessing the market with experience and strengths behind them, they often presented a barrier to young people from accessing a sustainable and secure job. They said that the value and acceptability of flexible contracts was strongly related to the power balance between the employer and the individual.²⁰² The ETUC said that the “flexibilisation” of the labour market in Spain through the introduction of new types of labour contracts had not attracted or retained young workers.²⁰³
115. **We consider that greater flexibility in the labour market, such as zero-hours contracts, can provide opportunities for young people to**

¹⁹⁶ Professor Simms; Q 164

¹⁹⁷ Professor Simms

¹⁹⁸ Professor Simms; Q 72; Q 164

¹⁹⁹ Q 145; Q 164; Q 210

²⁰⁰ UK Government, ‘contract types and employer responsibilities’, available at:

<https://www.gov.uk/contract-types-and-employer-responsibilities/zero-hour-contracts>

²⁰¹ Q 71; Q 215

²⁰² Q 74; Q 134; Q 215

²⁰³ Q 196

gain work experience and help to reduce high levels of youth unemployment. Concerns about the exploitation of workers and unfair working practices should be mitigated by the proper implementation of existing EU and national legislation to protect workers' rights, such as minimum wage levels.

Apprenticeships and traineeships

116. We received a considerable amount of evidence from witnesses about the importance of apprenticeships and training in tackling youth unemployment. One of the European Commission's key actions in this area is explained below in Box 7.

BOX 7

EU proposals on traineeships and apprenticeships

The European Commission's proposal for a *Council Recommendation on a Quality Framework for Traineeships*²⁰⁴ forms part of the Youth Employment Package (see Chapter 3, Box 4). The European Commission issued the proposal in response to the results of a Eurobarometer survey which showed that one in three traineeships in the EU were substandard in terms of working conditions or learning content.²⁰⁵

The Recommendation sets out a number of guidelines for Member States, in order to increase transparency with regard to traineeship conditions. For example, it requires that traineeships be based on a written traineeship agreement. The Recommendation requires that the agreement should cover learning content (educational objectives, supervision) and working conditions (limited duration, working time, clear indication of whether trainees would be paid or otherwise compensated and whether they would qualify for social security). Traineeship providers would be asked to disclose whether the traineeship would be paid in the vacancy notice. The proposed Framework does not cover traineeships that form part of a university degree or that are mandatory to access a specific profession.

The *European Alliance for Apprenticeships* aims to bring together public authorities, businesses, social partners, providers of vocational education and training, youth representatives and other key actors in order to promote apprenticeship schemes and initiatives across Europe. A number of UK businesses and civil society organisations have joined the alliance.²⁰⁶

117. Witnesses were generally supportive of the promotion of apprenticeships and traineeships at EU level. Some said that across the EU—and in the UK in particular—there needed to be a cultural shift in appreciation of vocational versus academic education.²⁰⁷ Barclays said that the motivation for its new apprenticeship scheme was that previously, university graduates were being recruited to fill roles which did not meet their aspirations and were leaving early. The company decided to create a separate entry point for young people

²⁰⁴ COM(2013) 857 final

²⁰⁵ Flash Eurobarometer 378, (November 2013), *The experience of traineeships in the EU*

²⁰⁶ European Commission website, 'European Alliance for Apprenticeships', at: http://ec.europa.eu/education/policy/vocational-policy/alliance_en.htm

²⁰⁷ Q 29; Q 87; Q94; Impetus

to fill the roles that were unsuitable for graduates, thereby relieving the downward pressure on non-graduates.²⁰⁸ McDonald's said that it operated its apprenticeship scheme partly because "it is incumbent on the big companies to help those young people get the skills and confidence to get the jobs that are out there".²⁰⁹

118. Some witnesses raised concerns about the "loose vocabulary" being used to define apprenticeships and the resulting doubts about quality that this caused for employers and job seekers alike.²¹⁰ Professor Robin Simmons, Professor of Education, University of Huddersfield, said that "calling a six-month programme in a retail outlet an apprenticeship is extremely different to a robust three-year programme with high-level qualifications, let us say within Rolls-Royce or British Aerospace".²¹¹ Professor Sloman and the European Commission cautioned against viewing the creation of apprenticeships as a solution to youth unemployment and expressed concern about young people being caught on a "conveyor belt"²¹² of one traineeship after another.²¹³ The ETUC noted that the quality and quantity of apprenticeship schemes varied between Member States due to their different industrial fabrics and social partnership models. For that reason, it said that the European Commission's recent efforts in this area, in particular the Recommendation for a Quality Framework for Traineeships, were among "the most important milestones of the past eight years when it comes to youth unemployment".²¹⁴ The ETUC said that the EU needed a common definition of apprenticeships and recommended using the definition provided by CEDEFOP.²¹⁵ It was disappointed with the non-legally binding nature of the European Commission's Recommendation and said that this would not be effective in raising quality.²¹⁶
119. Business Europe acknowledged the success of the Austrian and German apprenticeship model, but said that "it is up to every other country to take things out of there and apply it to their own situation".²¹⁷ It did not feel that the EU should be setting minimum standards or guidelines on apprenticeships, which it felt was best left to Member States. Marks and Spencer said it did not get formal accreditation for its apprenticeship schemes in the UK, but believed it was not forgoing anything by not doing so because the training the company provided suited its business needs, as most of the individuals went on to become full-time employees in the company.²¹⁸

²⁰⁸ Q 99

²⁰⁹ Q 89

²¹⁰ Q 20; Q 117; ETUC

²¹¹ Q 120

²¹² Prospects

²¹³ Q 20; Q 180

²¹⁴ Q 196

²¹⁵ CEDEFOP's (European Centre for the Development of Vocational Training) 2008 definition of apprenticeship was: "Systematic, long-term training alternating periods at the workplace and in an educational institution or training centre. The apprentice is contractually linked to the employer and receives remuneration (wage or allowance). The employer assumes responsibility for providing the trainee with training leading to a specific occupation."

²¹⁶ QQ 199–200

²¹⁷ Q 209; see also written evidence from the Austrian Parliament, for further information on the Austrian apprenticeship model.

²¹⁸ QQ 87–88

120. Crossrail said it was trying to use its position as a large procurer of materials and services to address youth unemployment by attaching conditions to its procurement contracts over a certain value, requiring successful bidders to employ an unemployed person or an apprentice when carrying out the contract. Its Chairman, Terry Morgan, said that this business-led approach was far more effective than the Government imposing the requirements.²¹⁹ Prospects said that, while employers had an important part to play, moves to shift the cost of apprenticeship provision from government to business could have a detrimental effect on the quantity and availability of opportunities and on the outcomes for apprentices.²²⁰
121. The UK Government said they believed that the European Commission's attempts to promote apprenticeships and to ensure their quality did not respect Member States' competence in the area of education and training and that a "looser approach" would work just as well. By way of example, the Government highlighted that the 2012 Richard review of apprenticeships in England was informed by experiences in the Netherlands, Switzerland, Denmark and Germany. The Government said that the distinction in the European Commission's Recommendation between an apprenticeship and a traineeship did not easily translate into the UK context and that adopting the Recommendation could create administrative burdens for employers and Government alike.²²¹
122. The UK Government said that LEPs and other local level actors had an important role to play in creating job opportunities for young people, including apprenticeships. At the same time, however, it was also essential to have a core national framework in place that could support employers, wherever they were, to offer apprenticeships.²²²
123. **We conclude that the development of a variety of career pathways, including apprenticeships, traineeships and internships, is important in reducing youth unemployment in Europe. However, we are concerned about the proliferation of schemes being identified as apprenticeships but whose quality and applicability to the labour market is questionable. We believe that it is important to ensure that internships enable young people to access the labour market, and are not offered as a substitute for employment. We therefore endorse the European Commission's attempts to create a common understanding of what constitutes either an apprenticeship or traineeship in the EU. We recommend that, as much as possible, the UK Government should develop their future policies in this area in line with EU definitions.**

Migration—benefits and challenges

124. The free movement of workers is one of the four fundamental freedoms of the EU, along with the free movement of capital, goods and services.²²³ We wanted to explore the extent to which the EU and its Member States view mobility within the EU labour market as a solution to youth unemployment

²¹⁹ Q 87

²²⁰ Prospects

²²¹ UK Government explanatory memorandum on COM(2013) 857

²²² Q 252

²²³ Article 45, Treaty on the Functioning of the European Union.

- and whether policy makers should be taking into account the positive and negative socio-economic consequences of youth migration in the context of youth unemployment.
125. Youth unemployment is an emotive issue in many Member States and so is the youth migration that can be associated with it. Referring to the current high levels of youth emigration from Ireland, Emer Costello MEP said that “the scale of emigration is having, and will continue to have, a major impact on Ireland and on the Irish economy. We are losing some of our brightest and best”.²²⁴
126. Some witnesses said that the migration of young people in search of employment is helpful. The British Chambers of Commerce said that mobility was helpful to the European labour market in general, “and we are doing a disservice to our young people if they are not able to access jobs in other countries when jobs are not available here”.²²⁵ The European Commission and the UK Government said that where there was high demand for labour, which could not be filled locally, encouraging migration could be helpful.²²⁶
127. Other witnesses said that the benefits of youth migration might be limited. Business Europe said that while mobility could help address the skills and labour demand mismatches in Europe, it was “not a silver bullet”, and in order to address youth unemployment, had to be taken together with the reform of labour markets and education systems.²²⁷ The European Parliament’s Youth Intergroup said that young Europeans who moved to another Member State to find work were likely to be highly motivated, well educated and well-trained. However, they might not be fully aware of their employment rights in a different Member State and thus be vulnerable to exploitation by unscrupulous employers.²²⁸ The ETUC said that in general, immigrant populations were often those suffering the worst working and life conditions and that measures should be taken to improve the social and labour situation of immigrant workers and young women in particular.²²⁹
128. A number of witnesses highlighted that the social implications of youth unemployment represented a pan-EU challenge with no respect for borders.²³⁰ The Greek Ambassador to the UK said that both Member States and the EU institutions should take into account the implications of youth migration when designing employment policies,²³¹ while Emma McClarkin MEP said that migration was primarily a Member State matter.²³² Phil Bennion MEP noted that there was little a Member State could do about emigration other than make its own economy more competitive, particularly through labour market reforms.²³³ Youth Enterprise and Unemployment and the ETUC said that negative effects of youth migration could only be

²²⁴ Q 154

²²⁵ Q 83

²²⁶ Max Uebe, European Commission; Q 13

²²⁷ Q 218

²²⁸ European Parliament Youth Intergroup

²²⁹ ETUC

²³⁰ Employment Pathways; Prospects; Belgian House of Representatives

²³¹ Greek Ambassador to the UK

²³² Emma McClarkin MEP

²³³ Phil Bennion MEP

addressed through joined up policy-making between Member States experiencing “brain drain” and “brain gain”.²³⁴ Despite the sometimes negative consequences of youth migration due to unemployment, the Greek Ambassador and Commissioner Andor said that the EU principles of equal treatment and freedom of workers should be upheld properly.²³⁵

129. **In the current difficult economic and employment climate, we believe that the free movement of workers in the EU is particularly important. The use of these rights can contribute to reducing youth unemployment in the EU.**

EU measures to support youth migration

130. The British Chambers of Commerce, NUS and British Youth Council spoke about the importance of EU programmes such as Erasmus + and Youth on the Move in encouraging the free movement of young people and workers across the EU.²³⁶ EURES, the EU’s online job portal, which includes a pan-EU job search facility and information about working abroad (see Chapter 3, Box 4), was seen by the European Commission as one of the key elements of the Youth Employment Package. However, the NUS and British Youth Council suggested that most young people were not aware of EURES, at least in the UK and there was some criticism of its functionality and content.²³⁷ Crossrail said that it had deliberately chosen not to post its vacancies on EURES because it wanted to recruit people from the UK as much as possible.²³⁸ The British Chambers of Commerce, British Youth Council and NUS all agreed that more needed to be done in a UK context to make young people more aware of the opportunities available to them elsewhere in the EU and to help them understand that barriers to participation, such as language ability, were not as problematic as they might think.²³⁹ The Gilfillan Partnership supported the approach taken by some Member States to dedicate a proportion of their ESF allocations to support young people to study or work abroad for a period of time. As an example, it highlighted the positive impact that the youth-focussed ‘*Integration durch Austausch*’ programme in Germany had had on its participants’ lives.²⁴⁰
131. Commissioner Andor said that the European Commission had carried out EU-wide surveys, which showed that more than half of all young people were interested in job opportunities in other countries if they were unable to find one in close proximity to their area.²⁴¹ Conversely, Dr Copeland and Professor Maguire said that the vast majority of the EU’s young people wanted to stay in their own Member State, suggesting that a focus on young people accessing jobs in their own Member State would be more

²³⁴ YEU; ETUC. ‘brain gain’ and ‘brain drain’ are terms commonly used to describe the positive and negative consequences of migration of educated and productive individuals.

²³⁵ Greek Ambassador to the UK; Q 193

²³⁶ Q 83; Q 140

²³⁷ Dr Paul Copeland; Sue Maguire; Q 130; Q 231

²³⁸ Q 90

²³⁹ Q 140; Q 83

²⁴⁰ The Gilfillan Partnership. The “IdA—Integration through Exchange” programme supports the vocational integration of groups of individuals in Germany with difficulties in entering the labour market, by facilitating practical occupational experiences for them in other EU countries.

²⁴¹ Q 193

appropriate.²⁴² Dr Copeland said that the Youth Guarantee was an attempt to address the unemployment issue for those young people who did not wish to migrate to other EU Member States for work. In the context of the UK, Rachel Wenstone, NUS, said that the failure to become mobile in the search for work could be a “huge opportunity lost for most of our young people”.²⁴³

132. The evidence we received from many witnesses highlighted the difficulties young people can face in becoming mobile in their local areas and countries, let alone travelling to another Member State. Professor Maguire, Impetus and UNISON highlighted that for the majority of young people who become NEET, the structure of opportunities available to them was defined by their local environment.²⁴⁴
133. **We recommend that schools, higher education institutions and youth groups, as well as government and EU institutions, provide more information and encouragement to young people about the opportunities and support available to them to seek employment elsewhere in the EU.**

Youth entrepreneurship

134. A number of witnesses said that EU initiatives and funds should be more targeted at supporting youth entrepreneurship, for example, through funding incubators and centres that focus specifically on young people with new ideas and business initiatives.²⁴⁵ Dr Copeland said that this approach would have a much greater long-term impact on the problem of youth unemployment than simply focusing on education and training.²⁴⁶
135. NACUE, the Royal Bank of Scotland and the Prince’s Trust argued that young people should be encouraged to set-up their own companies, bringing their skills to the market, rather than waiting for the market to respond to their skills.²⁴⁷ NACUE said that local entrepreneurship would create local jobs, preventing young people being drawn to larger cities, where they would have to compete in a much larger workforce, for jobs in which they may be underemployed.²⁴⁸ While the UK Government did not explicitly endorse this call, they agreed that LEPs should consider using EU funds to encourage self-employment.²⁴⁹
136. **We recommend that the European Commission should make youth entrepreneurship a more explicit focus for the European Regional Development Fund and the European Social Fund.**

²⁴² Dr Paul Copeland; Professor Sue Maguire

²⁴³ Q 140

²⁴⁴ Professor Sue Maguire; Impetus, Q 83

²⁴⁵ Prospects; Princes Trust; NACUE; Association of Graduate Careers Advisory Services (AGCAS); Youth Enterprise and Unemployment

²⁴⁶ Dr Paul Copeland

²⁴⁷ Q 134; Royal Bank of Scotland; Q 56

²⁴⁸ Q 135

²⁴⁹ Q 255

CHAPTER 7: EVIDENCE OF GOOD PRACTICE

EU measures to share good practice

137. This chapter considers the extent to which stakeholders at all levels are engaged in sharing and learning from good practice and to what extent, if any, this improved the effectiveness of measures to address youth unemployment.
138. The EU institutions have long-established methods of sharing good practice amongst Member States, such as, the Open Method of Coordination (OMC),²⁵⁰ mutual learning programmes and other policies.²⁵¹ On the specific issue of youth unemployment, witnesses drew our attention to the European Commission's published compilations of good practice²⁵² and a number of events that the European Commission has organised in recent years to facilitate the two-way "transfer of learning" that takes place between Member States and other stakeholders.²⁵³ Commissioner Andor said that the European Commission itself tries to learn from practice elsewhere and that it works with the ILO to develop the EU's policies in this way.²⁵⁴ The European Commission's Recommendation for the creation of an EU-wide Youth Guarantee (see Chapter 3, Box 4) is itself based on successful practice from Nordic Member States.
139. The UK Government said that they looked to countries like the Netherlands, Germany, Poland and Austria for ideas, but they emphasised the importance of looking for good practice internationally, whether it came from within or outside the EU. They said they found the OECD's work more useful and market-oriented as compared to that of the EU and preferable to "an attempt to co-ordinate policy from Brussels".²⁵⁵ Birmingham City Council said, "there are an awful lot of things that you can learn from other places" and that this learning could take place at the level of local bodies, within regions and territories, as well as between Member States.²⁵⁶

Effectiveness of good practice measures

140. Much of the evidence we received said that one of the best ways in which the EU institutions could help reduce youth unemployment was by encouraging and facilitating the identification and exchange of good practice. As a fundamental principle, the Gilfillan Partnership said that learning about what has gone before was an essential prerequisite if the mistakes of history were

²⁵⁰ The open method of coordination (OMC) provides Member States with an intergovernmental framework to evaluate each other, with the Commission's role being limited to surveillance. The European Parliament and the Court of Justice play virtually no part in the OMC process. The OMC takes place in areas which fall within the competence of the Member States, such as employment; social protection; social inclusion; education; and youth and training.

²⁵¹ Q 26; Q 190; Phil Bennion MEP; Q 125; Q 182

²⁵² Q 115; Q 125. Publications cited by Ms Hadjivassiliou included: DG Employment, European Commission, *The European Social Fund: Giving Young People a Better Start in Life*, December 2011; DG Employment, European Commission, *Apprenticeship and Traineeship Schemes in EU27: Key Success Factors—A Guidebook for Policy Planners and Practitioners*, December 2013; Peer review Executive Summary: *Youth Unemployment: how to prevent and tackle it?*, November 2013.

²⁵³ Q 115

²⁵⁴ Q 194

²⁵⁵ Q 234

²⁵⁶ Q 46

- not to be repeated. It said that getting this right could save millions in spending and improve services exponentially.²⁵⁷
141. Heart of the South West LEP, said that more could be done to make it easier for LEPs and other stakeholders, who may have limited capacity and resources, to search by topic as well as type of economy for examples of good practice.²⁵⁸ At the same time, however, Professor Sloman highlighted the subsequent risk of creating too many schemes and events to share good practice, which could lead to “initiative fatigue” amongst stakeholders such as employers.²⁵⁹
142. Dr Copeland concluded that the overall effect of the EU’s use of financial support, exchange of good practice, peer reviews, monitoring and evaluation reports, and in some cases, legislation, had been to build pressure on Member States to take youth matters into account when developing national laws and policies.²⁶⁰ However, he also warned that the sharing of good practice did not manifest itself within six or 12 months and that it could take years before the implementation of good practice yielded results.²⁶¹ Prospects said that, because of the competitive nature of bidding for youth project funding, service providers might be disinclined to share examples of their successful practice for fear of losing out on future work.²⁶²
143. Despite the generalised support for the sharing of good practice amongst witnesses and the examples cited of mechanisms to encourage this to happen, we were not provided with compelling, specific examples of exactly where practice from one context has been successfully transferred to another. Indeed, in the context of the UK Government and other stakeholders failing to learn from the success of other chambers of commerce elsewhere in Europe, Lord Heseltine said that “the problems are well known and long-standing and have too often been not quite ignored but never properly addressed”.²⁶³ Pervenche Berès MEP said that the whole idea that exchange of good practice leads to good governance was being challenged by the current high levels of youth unemployment in the EU.²⁶⁴
144. **There are many examples of good practice available at local, national and EU levels. We acknowledge the efforts that the European Commission has made in facilitating the sharing of these examples through publications and through the organisation of meetings and conferences for relevant stakeholders to compare experiences.**
145. **Implementing good practice successfully is a challenge because of the different social and economic factors at play in different regions. We believe there is scope for the European Commission and Member States to use EU funds to conduct more detailed analysis about how**

²⁵⁷ The Gilfillan Partnership

²⁵⁸ Heart of the South West

²⁵⁹ Q 27; the Gilfillan Partnership

²⁶⁰ Dr Paul Copeland (2013), *EU Youth Policy: Incremental Integration via Soft Law and Open Methods of Coordination*.

²⁶¹ Q 27

²⁶² Q 58

²⁶³ Q 264

²⁶⁴ Q 148

good practice can be used to improve the performance of measures that seek to address youth unemployment.

Role of social partners

146. Many witnesses referred to the importance of a social dialogue, that is to say, a good working relationship between social partners (trade unions and employers' organisations)²⁶⁵ and government as an important ingredient to reduce youth unemployment. Commissioner Andor said that the European Commission had a responsibility to promote social dialogue for the sake of economic performance and social cooperation, but it could not force a specific format of industrial relations or social dialogue on Member States.²⁶⁶
147. The ETUC spoke strongly in favour of involving social partners in the policy-making process and said that "the best way to tailor a European initiative is through social dialogue".²⁶⁷ It highlighted that, together with Business Europe, the European Association of Small and Medium-Sized Enterprises (UEAMPE) and the European Centre of Employers and Enterprises Providing Public Services (CEEP), it was a partner in supporting the Framework of Actions on Youth Employment.²⁶⁸ The Centre for European Studies attributed Germany's relative economic success to reforms enacted by the Schroeder government in 2003–04 which involved working with social partners to enact corporate downsizing and restructuring and wage reticence on the part of the unions.²⁶⁹
148. The TUC, UNISON and the British Chambers of Commerce said that social partnership was less well developed in the UK than in mainland Europe.²⁷⁰ However, they expressed a willingness to work together on issues such as career advice in schools and improving the representation of young people in their organisations.²⁷¹
149. British Chambers of Commerce said that there were varying degrees of engagement from businesses and employers in tackling the issue of youth unemployment. It said that some employers and businesses were probably too busy running their operations and did not have the time to think about how they could contribute to reducing unemployment.²⁷² Adam Swash, Experian, said that only somewhere between five and 10 per cent of small businesses had a rapid growth rate, so it would be unrealistic to expect small businesses to hire enough young people to reduce substantially the numbers of young unemployed.²⁷³ Albeit from the perspective of larger businesses,

²⁶⁵ 'Social partners' is a term generally used in Europe to refer to representatives of management and labour (employers' organisations and trade unions).

²⁶⁶ Q 186

²⁶⁷ Q 201

²⁶⁸ Q 205. The Framework of Actions is based on existing and new practices linked to four priorities: learning, transition, employment and entrepreneurship. The European social partners aim to promote the most effective initiatives identified across Europe that could be used as inspiration for designing solutions by national social partners in their respective contexts. Recommendations to other relevant actors such as the EU institutions and Member States are also included. National social partners will report on their activities annually during the period 2013–2016.

²⁶⁹ Q 209

²⁷⁰ Q 80

²⁷¹ QQ 76–78

²⁷² Q 73

²⁷³ Q 105

WORKing for YOUth and Barclays provided examples of employer engagement in tackling youth unemployment by engaging in the education and skills agenda, as well as in hiring and training young people.²⁷⁴

150. **We welcome the increased cooperation between employers and trade unions at UK and EU level to reduce youth unemployment. We recommend that the UK Government learn from the good practice in other Member States, where social partners (trade unions and employers' organisations) work more closely with the government and with each other.**

²⁷⁴ QQ 99–101

CHAPTER 8: VOICES OF YOUNG PEOPLE

151. This chapter considers whether young people, youth groups and their representatives are involved in and consulted to a satisfactory degree, on the use of EU funding for youth unemployment projects. We received evidence on this issue from employers, civil society organisations, politicians and civil servants, as well as from young people themselves and groups that aim to represent their views.

EU level consultation

152. The evidence we received suggested that EU institutions do make a concerted effort to consult young people in the development of their policies. Commissioner Andor said that he had held two meetings with the Spanish Youth Council to discuss the difficult youth unemployment situation in Spain. He also said that the European Youth Forum was a very valuable partner for the European Commission.²⁷⁵ The European Commission pointed out that its Recommendation on the establishment of a Youth Guarantee clearly called on Member States to consult young people in the design of schemes, to fulfil its requirements. He also said that the European Commission had fine-tuned its proposal for a Quality Framework for Traineeships to reflect young people's concerns about quality, as highlighted in a Eurobarometer survey.²⁷⁶
153. The European Parliament Youth Intergroup stated that one of its biggest challenges was how to implement the feedback from consultations with youth groups into its legislative work.²⁷⁷ It sought to address this by always including a member of the European Youth Forum in its events,²⁷⁸ and one of its priorities was to make sure that youth organisations, together with civil society organisations, played a role with governments in developing the Youth Guarantee.²⁷⁹ Luca Scarpiello, adviser to the Intergroup, also highlighted the EU's Structured Dialogue process as an important example of the EU's engagement with young people.²⁸⁰ In December 2013, the Centre for European Studies launched an internet-based consultation platform for young people to propose ideas on how Europe could grow. Feedback on how to reduce youth unemployment featured prominently.²⁸¹
154. The European Youth Forum said that the level of interaction with the European Commission had been quite good and that it had given input to

²⁷⁵ Q 191

²⁷⁶ Max Uebe, European Commission; The Flash Eurobarometer 378 report, November 2013, *The Experience of Traineeships in the EU*, is available via: http://ec.europa.eu/public_opinion/flash/fl_378_en.pdf

²⁷⁷ Q 175

²⁷⁸ Q 167

²⁷⁹ Q 168

²⁸⁰ The Structured Dialogue is a process for discussions between young people and EU policy-makers about different themes, to make sure the opinions of young people are taken into account in defining the EU's youth policies. The themes and topics for discussion are decided at European level by EU youth ministers. A Committee of the current trio of EU Presidency countries, the European Commission and the European Youth Forum is responsible for coordinating the process and deciding upon sets of questions to ask young people across Europe twice a year. The EU Council agreed in November 2009 that youth employment should be the overall thematic priority for European cooperation in the youth field for period January 2010–June 2011.

²⁸¹ Q 217

the development of the European Commission's Recommendation for a Youth Guarantee. However, the European Parliament Youth Intergroup said that the level of endorsement of its input had only been partial.²⁸² The picture at Member State level was also mixed, with some national youth councils only being consulted by governments on a very "last-minute" basis.²⁸³ The British Youth Council, which is the UK's representative in the European Youth Forum, consulted between 800 and 1,000 young people for their views on unemployment and submitted them as part of an EU consultation.²⁸⁴ Business Europe said it was aware that the European Commission also consulted young people via the Organising Bureau of European School Student Unions.²⁸⁵

155. **We welcome the efforts made by the European Commission to consult young people and their representatives in the development of EU policies to reduce youth unemployment. We recommend that the European Commission continues this work into the future.**

UK Government consultation

156. We received a mixed response from witnesses about the consultation of young people in the UK. Some took the view that young people were generally not consulted on the development of youth unemployment programmes in the UK²⁸⁶ and Prospects said that there was a danger that consultation was being done in a token fashion.²⁸⁷ The British Youth Council said that the Cabinet Office and the Department for Education did a good job in consulting young people, but that the Department for Work and Pensions was not as diligent. It was under the impression that responsibility for youth policy in the Government was lost between a number of different departments.²⁸⁸
157. Matthew Hancock MP, the Minister of State for Skills and Enterprise said that the UK Government endeavoured to "listen to the customer" and to take the views of young people into account when developing policies and programmes.²⁸⁹ However, he added the caveat that policy development was a "profession—an occupation—and we have to make sure that we have extremely capable people ... involved in it".²⁹⁰ The Minister of State for Employment said that the UK Government used pilot schemes to test new ideas and that "they would have engagement with stakeholders through which people would feed in".²⁹¹
158. The UK Government have asked LEPs to consult local partners in developing their strategies, but there is no requirement for them to consult youth groups in particular. NACUE disagreed with this policy and

²⁸² Q 209; European Parliament Youth Intergroup.

²⁸³ Q 207

²⁸⁴ Q 128

²⁸⁵ Q 207

²⁸⁶ Emma McClarkin MEP; Rathbone; Employment Pathways; Youth Enterprise and Unemployment; Q 131

²⁸⁷ Prospects

²⁸⁸ Q 133

²⁸⁹ Q 253

²⁹⁰ *Ibid.*

²⁹¹ Q 253

highlighted the importance of LEPs in acting as conduits for young people's ideas. It suggested that every single LEP should have a student or youth board that helped guide the development of the LEP's enterprise programmes.²⁹² Lord Heseltine said that he would not "single out the unemployed youth as representatives of the youth in this country" and cautioned against the mandatory membership of young unemployed people on the boards of LEPs and similar organisations.²⁹³

159. DELNI said that it was in an advantageous position due to the fact that as one government department, its work cut across quite a number of the issues that many young people encounter. Consultation of young people was therefore easier.²⁹⁴ For example, DELNI designed a young person's version of the consultation document when designing its Pathways to Success programme. DELNI also said that it consulted a NEETs strategy forum, a voluntary organisation with 65 members from different backgrounds, to inform its policy development.²⁹⁵ Buckinghamshire Thames Valley LEP also emphasised that local determination of programme design and delivery that included young people in the process was most likely to achieve the greatest involvement and successful outcomes for young people.²⁹⁶
160. **We recommend that the UK Government requires Local Enterprise Partnerships to consult with and involve youth groups in developing policies that affect young people, such as measures to address youth unemployment.**

Civil society organisations' consultation

161. The TUC and the ETUC acknowledged that their organisations no longer have the same level of representation as they once had, but they said that they are making efforts to engage more young workers in their activities.²⁹⁷ The ETUC also argued that in seeking to negotiate better employment benefits with the UK Government and employers, unions were defending the rights and interests of unemployed people.²⁹⁸
162. Unsurprisingly, organisations representing young people, such as the NUS and the British Youth Council, gave strong evidence in favour of involving young people in policy and decision-making.²⁹⁹ This was supported by other civil society organisations working with and delivering services to young unemployed people in the UK.³⁰⁰ For example, Prospects said that involving young people in writing the specifications when commissioning two large contracts had resulted in a "powerful piece of work",³⁰¹ while Rathbone said that its senior management team was regularly held to account on its pledges by a committee of young people.³⁰² The Big Lottery Fund, the body that

²⁹² Q 136

²⁹³ Q 265

²⁹⁴ Q 63

²⁹⁵ Q 68

²⁹⁶ Buckinghamshire Thames Valley LEP

²⁹⁷ Q 197; Q 213

²⁹⁸ Q 198

²⁹⁹ Q 127

³⁰⁰ Youth Employment UK CIC; Prince's Trust

³⁰¹ Q 58

³⁰² Q 59

distributes the funds from the National Lottery to community projects, said that it directly involved young people as members of the committee that governed its Talent Match programme and that they jointly made decisions on applications to the fund alongside other committee members. It had also compiled examples of good practice from its Young People's Fund (a collection of programmes that had taken place across the UK since 2004) on the involvement of young people.³⁰³ In its evaluation of the Young People's Fund, the Big Lottery Fund found that its:

“requirement for projects to actively involve young people in how they were planned and run has led to a change in culture among youth organisations. It has allowed young people to shape services that affect them and in doing so it has further developed valuable skills among participants”.³⁰⁴

163. **We are convinced that the meaningful consultation of young people in the development and implementation of programmes to reduce youth unemployment is a necessary component for success. We believe there is a danger that consultation processes will lack credibility if those involved cannot see that their input has been taken into account and made a difference. We therefore encourage the European Commission and UK Government to enhance their efforts in this respect and to evaluate and publicise specific examples of where the involvement of young people has had an influence.**

³⁰³ Big Lottery Fund

³⁰⁴ *Ibid.*

CHAPTER 9: SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Chapter 2: Youth unemployment in the EU

Definition of youth unemployment in the EU

164. We understand the need for a consistent definition of youth unemployment to allow for cross-country comparisons, aggregation of figures at the European level, and to provide clarity for all those involved in policy-making in the area of youth unemployment. The International Labour Organisation's definition provides this, notwithstanding its complexity. However, it is limited in its usefulness, particularly when trying to understand the issues for those who are simultaneously in the labour market and in the education system. The European Commission and Member State governments should take care to recognise the diversity of the different situations which underlie the headline figures, and ensure that policy is founded on an accurate and nuanced assessment of the issues (paragraph 22).
165. Although we understand the significant issues which confront many of the young people characterised as NEET, we find the term ambiguous and at times unhelpful, because of the broad scope of young people it encompasses (paragraph 23).
166. The youth unemployment crisis has affected graduates and young people who are highly skilled, less skilled and those who struggle most to access the labour market. We recognise that some young people within these groups are disproportionately impacted by the youth unemployment crisis, including those from some ethnic minority groups, people with disabilities, young parents and those coming from the care system. The issues that affect the access of different types of young people to the labour market are varied and policy responses must take account of this and ensure that young people in need of help are not excluded from the labour market, education or training systems (paragraph 24).

Is the youth unemployment crisis long-term or short-term?

167. The current high levels of youth unemployment in the EU are not solely a consequence of the 2008 global financial crisis and the ensuing recession. Rather, the cause of the unemployment crisis differs between Member States. For some Member States, it is due more to underlying structural issues in the youth labour market that have been accentuated by the financial crisis. The EU and individual Member States will need to employ both long-term and short-term solutions to address the youth unemployment crisis (paragraph 32).

Youth unemployment in a UK context

168. We are particularly concerned about 16–18 year old NEET young people in the UK, who risk becoming invisible to the authorities through their lack of access to the benefits system and absence of other means of engagement. We encourage the UK Government to use EU funds in a way which helps identify problems and solutions within this group. We believe this would represent clear added value to existing national provision (paragraph 35).

Chapter 3: EU measures to address youth unemployment

Is EU action appropriate?

169. We acknowledge that responsibility for dealing with youth unemployment rests primarily with Member States, and the key measures to address the issue should be introduced at national level. However, we believe it is both important and appropriate that the EU continues to have a role in providing funding and other forms of support to reduce youth unemployment. There are benefits from Member States coordinating responses to the youth unemployment situation, through the sharing of good practice (see Chapter 7) and the use of EU funds for specific tasks which complement action at national level, such as kick-starting structural changes (paragraph 43).

Effectiveness of EU funds to address youth unemployment

170. EU funds are limited in comparison with the scale of the crisis and with the amount that Member States have already pledged to address youth unemployment. EU funding should not be used to subsidise national approaches, but should be put towards establishing new initiatives and trying new methods, including those that have been successfully pioneered in other countries or regions worldwide. Where useful, it should be used to facilitate longer-term project cycles (paragraph 48).
171. It is right that the Youth Employment Initiative targets EU regions that are experiencing the highest levels of unemployment. Given the finite resources available and the importance of the resources attaining maximum impact, we recommend that the UK Government focus the funding available from the Youth Employment Initiative wholly on the five areas identified in the UK. The Government should use the European Social Fund and government spending to target those areas, such as Outer London, that are experiencing high unemployment but are not eligible to receive funding from the Youth Employment Initiative. (paragraph 49).

Evaluating the use of the EU funding

172. We recommend that there should be a move away from evaluating European Social Fund schemes based on the cost and number of participants. The European Commission should instead move towards an evaluation of programmes that looks at their impact on the youth job market in real terms, over a long period of time and prioritises understanding how and why actions are successful, not just whether they are. The European Commission should report to Member States on these evaluations at least every five years (paragraph 52).

Youth Guarantee

173. The majority of the evidence we received suggests that the Youth Guarantee is a very useful initiative, which responds to the need for early intervention with young people to prevent them becoming unemployed in the long-term, which can have scarring effects. Implementation of the Youth Guarantee would help to address the current particularly high levels of youth unemployment, but should be accompanied by other measures that seek to

remove the underlying structural problems related to the youth labour market in Member States such as the UK (paragraph 57).

174. Having regard to the success of Youth Guarantees in other Member States, we believe that the successful implementation of a Youth Guarantee could provide Member States with a clear benchmark to work towards in terms of avoiding long-term youth unemployment (paragraph 58).

Flexibility of EU measures

175. EU proposals to address youth unemployment strike a good balance between setting out an EU strategy to reduce unemployment (based on the good practice of different Member States) and allowing individual Member States to tailor EU funding and proposals to specific national circumstances (paragraph 60).

Chapter 4: Use of EU funding and initiatives in the UK

Government position on the Youth Employment Initiative funding

176. We regret the UK Government's delay in submitting their plan setting out how they will spend the Youth Employment Initiative funds. We are also disappointed with the Government's lack of support for the European Commission's Recommendation for these funds to be used to set up a Youth Guarantee. We recommend that the Youth Employment Initiative funds should be used to pilot a Youth Guarantee scheme in the five areas expected to benefit from the Youth Employment Initiative (paragraph 66).

Interaction between current UK Government funding and EU measures

177. We are not convinced by the UK Government's argument that the Youth Contract meets the aims of a Youth Guarantee. The Youth Contract has as its focus the financial bolstering of the demand side (for example, via wage incentives for employers) in order to create work experience opportunities for young people. The Youth Guarantee is focused on individuals and commits to finding them a suitable placement within four months. This in turn differs from the Work Programme, which focuses on finding sustainable job opportunities for those referred to it (paragraph 70).
178. We recommend that the UK Government reconsider the decision to use the Youth Employment Initiative funding to bolster existing domestic initiatives, including the Youth Contract. They should instead implement a pilot Youth Guarantee in the five areas which will receive the Youth Employment Initiative funding. The Youth Contract is focused on addressing the longer-term structural issue of a lack of entry-level opportunities in the youth labour market. The Youth Guarantee's focus on stemming the post-2008 increase in youth unemployment would therefore complement rather than duplicate the work of the Youth Contract (paragraph 72).

Gaps in UK funding provision

179. The funding available at UK level is largely focused on disadvantaged or long-term unemployed young people, rather than other young people who might also be struggling to find appropriate and sustainable work. We agree that the majority of the funding in this area should be focused on those young people who are the hardest-to-reach (paragraph 75).

180. We note that highly skilled young people who are ‘underemployed’ can create a blockage to entry-level jobs for other young people. We recommend that the UK Government use some of the European Social Fund to introduce ways of assisting highly skilled young people to access the labour market, for example, through improved careers advice or support for entrepreneurship. This would complement their use of the majority of government and EU funding to target those disadvantaged young people who may be harder-to-reach (paragraph 76).

Timescales for spending EU funds

181. The current system of managing EU funding in the UK is too centralised and over-reliant on very large-scale, standardised contracts. We believe that this has resulted in provision which is insufficiently tailored to local needs and which makes ineffective use of local civil society organisations, local authority experience and specialist knowledge, particularly in relation to services for harder-to-reach young people. It also prevents proper engagement with young people and local businesses. We therefore welcome the UK Government’s commitment to introduce greater localisation into the allocation of funding and their undertaking to give additional freedoms and flexibilities to Local Enterprise Partnerships. We urge the Government to ensure that this local approach is carried through to the finalised programme guidance and recommend that they consider full devolution of responsibilities, including programme management and delivery, to those local authorities and Local Enterprise Partnerships who see a need for it in their area (paragraph 83).
182. We recommend that the UK Government and local authorities produce written guidance to help Local Enterprise Partnerships and other relevant bodies to build quickly an understanding of what has previously been successful in the area of provision for young unemployed people. This should be based on robust evaluation and experience and should be disseminated widely (paragraph 84).
183. We recommend that local authorities and Local Enterprise Partnerships use the seven year cycle connected with EU funds to complement national measures, which are often two or three years in duration, by funding longer-term projects. These would provide sustainable solutions for young people and businesses that need more targeted support, and help overcome the current situation where provision is short-term and continually changing. The UK Government should ensure that the terms of their agreement with local authorities and Local Enterprise Partnerships enables them to use the funds in this way (paragraph 85).

Chapter 5: Using EU funds to prepare young people for work

A holistic approach

184. The successful provision of support to young people to prepare them for work demands a holistic approach centred around the individual. Key issues specific to each individual, such as their access to transport, the need for a safe and welcoming environment at home and in the workplace, criminal records, learning difficulties and other personal considerations, need to be taken into account (paragraph 89).

Skills

185. In recent years a number of factors, including an increase in the number of small businesses with limited resources, have resulted in a move towards the expectation that young people should be ‘work-ready’, rather than being trained ‘on the job’. We welcome the focus in the European Regional Development Fund Regulations on supporting SMEs so that they can take on apprentices (paragraph 95).
186. We welcome the efforts made at EU level to address the skills mismatch, via the introduction of the EU Skills Panorama. We recognise that the skills mismatch is a particular problem in the UK, resulting in particularly high unemployment rates amongst low-skilled young unemployed people. We therefore recommend that the UK Government integrate the EU Skills Panorama into careers services provided at a national level, through schools, job centres and online resources (paragraph 102).
187. We agree with the European Council that a greater focus on Information and Communications Technology (ICT) skills is necessary, particularly as the ICT sector is currently experiencing a skills shortage. However, we caution against an over-concentration in this area, at the expense of other emerging sectors. The UK Government could use the European Social Fund and European Regional Development Fund to support enhanced provision of both basic and higher level ICT training and skills training in general for young people in schools and businesses (paragraph 103).
188. There are a variety of sources of careers advice which need to be coordinated. The UK Government should continue to use the European Social Fund to support the National Careers Service and extend its face-to-face element beyond the 12 centres currently offered. They should also encourage use of the European Social Fund to improve labour market knowledge at earlier stages in young people’s progression through education and training. One way of doing this would be by continuing to make support available to NEET young people. The National Careers Service should act as a ‘one stop shop’ to refer young people to the different sources of careers advice (paragraph 110).
189. We also recommend that the UK Government use the European Social Fund and the European Regional Development Fund to enable businesses to connect with schools in order to provide careers advice. This could be facilitated through business representation in Local Enterprise Partnerships (paragraph 111).

Chapter 6: The job market for youth in the EU

Job quality

190. We consider that greater flexibility in the labour market, such as zero-hours contracts, can provide opportunities for young people to gain work experience and help to reduce high levels of youth unemployment. Concerns about the exploitation of workers and unfair working practices should be mitigated by the proper implementation of existing EU and national legislation to protect workers’ rights, such as minimum wage levels (paragraph 115).

Apprenticeships and traineeships

191. We conclude that the development of a variety of career pathways, including apprenticeships, traineeships and internships, is important in reducing youth unemployment in Europe. However, we are concerned about the proliferation of schemes being identified as apprenticeships but whose quality and applicability to the labour market is questionable. We believe that it is important to ensure that internships enable young people to access the labour market, and are not offered as a substitute for employment. We therefore endorse the European Commission's attempts to create a common understanding of what constitutes either an apprenticeship or traineeship in the EU. We recommend that, as much as possible, the UK Government should develop their future policies in this area in line with EU definitions (paragraph 123).

Migration—benefits and challenges

192. In the current difficult economic and employment climate, we believe that the free movement of workers in the EU is particularly important. The use of these rights can contribute to reducing youth unemployment in the EU (paragraph 129).

EU measures to support youth migration

193. We recommend that schools, higher education institutions and youth groups, as well as Government and EU institutions, provide more information and encouragement to young people about the opportunities and support available to them to seek employment elsewhere in the EU (paragraph 133).
194. We recommend that the European Commission should make youth entrepreneurship a more explicit focus for the European Regional Development Fund and the European Social Fund (paragraph 136).

Chapter 7: Evidence of good practice

EU measures to share good practice

195. There are many examples of good practice available at local, national and EU levels. We acknowledge the efforts that the European Commission has made in facilitating the sharing of these examples through publications and through the organisation of meetings and conferences for relevant stakeholders to compare experiences (paragraph 144).
196. Implementing good practice successfully is a challenge because of the different social and economic factors at play in different regions. We believe there is scope for the European Commission and Member States to use EU funds to conduct more detailed analysis about how good practice can be used to improve the performance of measures that seek to address youth unemployment (paragraph 145).

Role of social partners

197. We welcome the increased cooperation between employers and trade unions at UK and EU level to reduce youth unemployment. We recommend that the UK Government learn from the good practice in other Member States,

where social partners (trade unions and employers' organisations) work more closely with the government and with each other (paragraph 150).

Chapter 8: Voices of young people

EU level consultation

198. We welcome the efforts made by the European Commission to consult young people and their representatives in the development of EU policies to reduce youth unemployment. We recommend that the European Commission continues this work into the future (paragraph 155).

UK Government consultation

199. We recommend that the UK Government requires Local Enterprise Partnerships to consult with and involve youth groups in developing policies that affect young people, such as measures to address youth unemployment (paragraph 160).

Civil society organisations' consultation

200. We are convinced that the meaningful consultation of young people in the development and implementation of programmes to reduce youth unemployment is a necessary component for success. We believe there is a danger that consultation processes will lack credibility if those involved cannot see that their input has been taken into account and made a difference. We therefore encourage the European Commission and UK Government to enhance their efforts in this respect and to evaluate and publicise specific examples of where the involvement of young people has had an influence (paragraph 163).

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

The Members of the Sub-Committee which conducted this inquiry were:

Lord Brooke of Alverthorpe
 Lord Clinton-Davis
 Lord Cotter
 Lord Fearn
 Lord Freeman
 Lord Haskel
 Baroness Hooper
 Lord Kakkar
 The Earl of Liverpool
 Baroness O’Cathain (Chairman)
 Baroness Valentine
 Lord Wilson of Tillyorn

Declaration of Interests

Lord Brooke of Alverthorpe
No relevant interests declared

Lord Clinton-Davis
No relevant interests declared

Lord Cotter
No relevant interests declared

Lord Fearn
No relevant interests declared

Lord Freeman
No relevant interests declared

Lord Haskel
No relevant interests declared

Baroness Hooper
No relevant interests declared

Lord Kakkar
No relevant interests declared

The Earl of Liverpool
No relevant interests declared

Baroness O’Cathain
No relevant interests declared

Baroness Valentine
Board Member, Skills Festival Company (a not-for-profit organisation which receives funding from local and national Government and hosts an annual careers event for over 30,000 young people)
Non-executive Director, Peabody (an organisation which provides housing and offers employment and training community programmes).

Lord Wilson of Tillyorn
No relevant interests

The following Members of the European Union Select Committee attended the meeting at which the report was approved:

Lord Boswell of Aynho (Chairman)
Lord Bowness
Baroness Corston
Lord Dear
Baroness Eccles of Moulton
Lord Foulkes of Cumnock
Lord Hannay of Chiswick
Lord Harrison
Lord MacLennan of Rogart
Lord Marlesford
Baroness O’Cathain
Baroness Parminter
Baroness Quin
Baroness Scott of Needham Market
Lord Tugendhat
Lord Wilson of Tillyorn

The Specialist Adviser to this inquiry was John Bell, Senior Partner at CurvedThinking, who declared the following interests:

Paid consultancy contract with Oxfordshire Local Enterprise Partnership to provide support for preparation of the Oxfordshire European Union Structural and Investment Fund Plan (August 2013–February 2014)

Paid consultancy sub-contract with Shared Intelligence Ltd to provide support for their contract with South East Local Enterprise Partnership for preparation of the South East European Union Structural and Investment Fund Plan (June 2013–February 2014)

Paid consultancy sub-contract with Tribal Education Ltd for provision of Policy Editorial services for the ESF-Works policy and practice web site (August 2010–September 2013)

A full list of Members’ interests can be found in the Register of Lords Interests:

<http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests/>

APPENDIX 2: LIST OF WITNESSES

Evidence is published online at <http://www.parliament.uk/hleub> and available for inspection at the Parliamentary Archives (020 7219 5314).

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with * gave both oral evidence and written evidence. Those marked with ** gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

Oral evidence in chronological order

*	QQ 1–14	Department for Work and Pensions Department for Business, Innovation and Skills
*	QQ 15–29	Professor Sue Maguire, Centre for Education and Industry, University of Warwick
*		Professor Martyn Sloman, Visiting Professor, Kingston Business School, Kingston University
*		Dr Paul Copeland, Lecturer in Public Policy, Queen Mary, University of London
*	QQ 30–47	Birmingham City Council
**		Greater London Authority
*	QQ 48–60	Prospects
*		The Prince's Trust
*		Rathbone
**	QQ 61–69	Northern Ireland Executive
**	QQ 70–83	British Chambers of Commerce
**		UNISON
*		Trade Union Congress
**	QQ 84–97	Crossrail
**		McDonald's
**		Marks & Spencer
**	QQ 98–108	Barclays
**		WORKing for YOUth
**		Experian
*	QQ 109–125	Institute for Employment Studies
*		Eurofound
**		Professor Robin Simmons, University of Huddersfield
**	QQ 126–143	National Association of College and University Entrepreneurs (NACUE)
**		National Union of Students

- ** British Youth Council (BYC)
- ** UK Representative for the European Youth Forum (EYF)
- ** QQ 144–152 Pervenche Berès MEP
- * Anthea McIntyre MEP
- ** QQ 153–161 Emer Costello MEP
- * QQ 162–177 Rebecca Taylor MEP
- Youth Intergroup
- * QQ 178–184 Max Uebe, Head of Unit, DG EMPL
- ** QQ 185–194 Commissioner László Andor
- * QQ 195–205 European Trade Union Confederation
- ** QQ 206–218 European Youth Forum
- ** Business Europe
- ** Centre for European Studies
- ** QQ 219–233 Go ON UK
- * Higher Education Career Services Unit
- ** Skills Funding Agency
- ** Ofsted
- * QQ 234–255 Matthew Hancock MP, Minister of State for Skills and Enterprise, Department for Business, Innovation and Skills and the Department for Education
- * Esther McVey MP, Minister of State for Employment, Department for Work and Pensions
- * Bill Wells, Department for Business, Innovation and Skills
- * Angus Gray, Department for Work and Pensions
- ** QQ 256–266 The Rt Hon Lord Heseltine

Alphabetical list of all witnesses

- ** Commissioner László Andor, member of the European Commission (QQ 185–194)
- The Association of Graduate Careers Advisory Services (AGCAS)
- Austrian Parliament
- ** Barclays (QQ 98–108)
- ** Pervenche Berès MEP (QQ 144–152)
- Belgian House of Representatives
- Phil Bennion MEP
- Big Lottery Fund
- * Birmingham City Council (QQ 30–47)

- Black Country Consortium Ltd
- ** British Chambers of Commerce (QQ 70–83)
- ** British Youth Council (BYC) (QQ 126–143)
- Buckinghamshire Thames Valley Local Enterprise Partnership
- ** Business Europe (QQ 206–218)
- * Department for Business, Innovation and Skills (QQ 1–14) (QQ 234–255)
- ** Centre for European Studies (QQ 206–218)
- Cheshire Warrington Local Enterprise Partnership
- Derek Clark MEP
- Committee on the Labour Market Swedish Parliament
- * Dr Paul Copeland, Lecturer in Public Policy, Queen Mary, University of London (QQ 15–29)
- ** Emer Costello MEP (QQ 153–161)
- Coventry and Warwickshire Chamber of Commerce
- ** Crossrail (QQ 84–97)
- Hannah Dean
- ** Department for Education (QQ 234–255)
- Employment Pathways Community Interest Company
- Enterprise M3
- * Eurofound (QQ 109–125)
- * European Trade Union Confederation (QQ 195–205)
- ** European Youth Forum (QQ 206–218)
- ** Experian (QQ 98–108)
- Gilfillan Partnership
- Embassy of Greece
- ** Go ON UK (QQ 219–233)
- ** The Greater London Authority (QQ 30–47)
- * Matthew Hancock MP, Minister of State for Skills and Enterprise, Department for Business, Innovation and Skills and the Department for Education (QQ 234–255)
- Heart of the South West Local Enterprise Partnership
- ** The Rt Hon Lord Heseltine (QQ 256–266)
- * Higher Education Career Services Unit (QQ 219–233)
- Humber Local Enterprise Partnership
- Impetus, The Private Equity Foundation
- * Institute for Employment Studies (QQ 109–125)
- Local Government Association

- * Professor Sue Maguire, Centre for Education and Industry, University of Warwick (QQ 15–29)
- ** Marks & Spencer (QQ 84–97)
- Emma McClarkin MEP
- ** McDonald’s (QQ 84–97)
- * Anthea McIntyre MEP (QQ 144–152)
- * Esther McVey MP, Minister of State for Employment, Department for Work and Pensions (QQ 234–255)
- Middlesex University
- ** National Association of College and University Entrepreneurs (NACUE) (QQ 126–143)
- ** National Union of Students (QQ 126–143)
- ** Northern Ireland Executive (QQ 61–69)
- ** Ofsted (QQ 219–233)
- * The Prince’s Trust (QQ 48–60)
- * Prospects (QQ 48–60)
- * Rathbone (QQ 48–60)
- The Royal Bank of Scotland
- Shout Out UK
- Melanie Simms, Professor of Work and Employment, University of Leicester
- ** Professor Robin Simmons, University of Huddersfield (QQ 109–125)
- ** Skills Funding Agency (QQ 219–233)
- * Professor Martyn Sloman, Visiting Professor, Kingston Business School, Kingston University (QQ 15–29)
- * Rebecca Taylor MEP, ALDE, UK, Vice-President of the Youth Intergroup (QQ 162–177)
- * Trade Union Congress (QQ 70–83)
- * Max Uebe, Head of Unit, DG EMPL (QQ 178–184)
- ** UNISON (QQ 70–83)
- Derek Vaughan MEP
- Walpole Publishing Ltd
- Welsh Government
- * Department for Work and Pensions (QQ 1–14) (QQ 234–255)
- ** WORKing for YOUth (QQ 98–108)
- Young Enterprise
- Youth Employment UK CIC
- ** Youth Intergroup (QQ 162–177)

APPENDIX 3: CALL FOR EVIDENCE

EU action to tackle youth unemployment

The Internal Market, Infrastructure and Employment Sub-Committee of the House of Lords European Union Committee, chaired by Baroness O’Cathain, is conducting an inquiry into the EU’s action to tackle youth unemployment. Written evidence is sought by 7 October 2013. Public hearings will be held in November and December 2013, and in January 2014.

Background

The economic crisis has had a devastating effect on youth employment in the EU. According to Eurostat, the EU’s statistics agency, overall unemployment in the EU in June 2013 stood at 10.9 per cent. However, the youth unemployment rate (people under 25) in the EU-27 was 23.2 per cent. The lowest rates of youth unemployment were observed in Germany (7.5 per cent), Austria (9.3 per cent), the Netherlands (11.0 per cent) and Malta (11.2 per cent), and the highest were in Greece (58.7 per cent in April 2013) and Spain (56.1 per cent).³⁰⁵ Eurostat listed the UK youth unemployment rate at 20.7 per cent in April 2013.

In February 2013, the EU pledged to spend six billion euro on its Youth Employment Initiative in the period 2014–2020 to help tackle youth unemployment. At a summit in Berlin in July, EU leaders agreed to concentrate national and EU resources to achieve progress more quickly, and thus pledged an additional two billion euro to support youth employment, particularly in countries with a youth unemployment rate above 25 per cent. Six billion of a total eight billion euro is due to be spent in the period 2014–16.

Many different organisations and stakeholders are already addressing this important issue: for example, Member State governments and the EU have promoted apprenticeships and vocational training as a means of combating youth unemployment. The Committee therefore seeks to focus its inquiry on some key points, namely how EU funds can bring ‘added value’ to existing measures, the efficiency of the disbursement process and the monitoring and evaluation of funded projects, and the representation of young people in the decisions being made to tackle youth unemployment.

The Committee is particularly interested in contributions from individuals and organisations working to combat youth unemployment and social exclusion in Europe; from employers in all sectors of the economy; from stakeholders in education and training; and youth organisations themselves. Respondents need only reply to those questions which they consider relevant to them, and are welcome to address matters which are relevant to the inquiry but are not covered by these questions.

Questions

- (1) Do you think that the EU should be providing funding to Member States to tackle youth unemployment? Does EU action respect Member States’ powers in the area of social and employment affairs?

³⁰⁵ Eurostat, ‘euroindicators’ June 3013, available at:

<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

- (2) How do you think that the EU can best ‘add value’ to Member States’ efforts to tackle unemployment?
- (3) Is there sufficient disaggregation in EU measures to tackle youth unemployment between, for example, support for young people classified as being not in education, employment or training (‘NEETs’), support for newly qualified graduates looking for work, and general career guidance?
- (4) Are the EU’s accounting, monitoring and evaluation procedures sufficient to be able to determine whether EU funded projects to tackle youth unemployment have been successful or not? Are there ways in which they could be improved?
- (5) How do you think the funds allocated through the Youth Employment Initiative (YEI) and the European Social Fund (ESF) could best be spent?
- (6) Do you feel that young people (aged 15–24), youth groups and their representatives are involved and consulted to a satisfactory degree in the decisions being made around EU funding for youth unemployment projects, and how they are administered?
- (7) Should the EU and Member States take into account the positive and negative socio-economic impacts of youth migration due to unemployment when designing measures to tackle youth unemployment? How might any negative consequences be mitigated?
- (8) How can the EU and Member States embrace new technologies and new methods of working to combat youth unemployment?

APPENDIX 4: SITE VISITS

Youth unemployment inquiry: visit to the Prince's Trust Centre in Liverpool, 4 December 2013

The meeting was organised through the Prince's Trust, and was held at their centre in Liverpool.

A small delegation of Members from the Committee attended: Baroness O'Cathain (the Chairman), Lord Haskel, the Earl of Liverpool and Lord Wilson of Tillyorn. The delegation was accompanied by Nicole Mason (Clerk), Paul Dowling (Policy Analyst) and John Bell (Specialist Adviser). Victoria Holloway (Public Affairs Executive, The Prince's Trust) also attended the visit.

The Committee delegation met with 10 young people (between the ages of 16–24), who were either currently on The Prince's Trust Fairbridge programme, or had previously been involved in the programme. The young people were from various socio-economic backgrounds, and the majority of the young people had come to The Prince's Trust because of complications in their home lives. The fact sheet that the Committee received from The Prince's Trust informed it that the young people had experienced a variety of serious social problems. These included: being cared for by a local authority, mental health problems, criminal records, substance misuse and achieving little or no formal qualifications from compulsory schooling.

The Fairbridge programme in Liverpool helps around 200 young people per year, and is an individually tailored personal development scheme, providing one-to-one support and group activities. The programme works with young people who are educational underachievers or unemployed and demotivated, and who are unlikely to be able to engage in more structured programmes. It continues for as long as it is needed by the young person in order to support them to move into a 'positive outcome', for example, into employment, education or training.

The session began with a short sandwich lunch, as an 'ice breaker', over which Members of the Committee and the young people were able to informally talk on a one-to-one basis.

The Members of the Committee were then given a tour of the centre in Liverpool, which was equipped with kit for group activities such as climbing, through which the young people were able to build their teamwork skills. The centre also had a large kitchen, which the young people told us that they used for group cooking activities, through which they were able to improve their skills for independent living. The young people also had access to a computer room to enable them to build computing skills, complete college work or to write CVs.

After the tour, Members of the Committee and the young people took part in a group discussion about their experience of employment. Baroness O'Cathain opened the discussion by explaining the role of the Committee, and the subject of its current inquiry. She briefly explained who the Committee had already heard from, and who it intended to hear from. During the introductions part of the session, each Member of the Committee explained their background and first experience of the job market.

The conversation initially centred on the young people's experiences of job centres. There seemed to be a consensus amongst the young people that the service they had received at job centres had been poor in their view; they described

advisers as aloof and unhelpful, as well as prescriptive in their approach to which jobs the young people should be applying for. They highlighted a concern about the sanctions that were threatened if they did not apply for the requisite number of jobs, a number that they considered unachievable in some cases (one young person gave an example where his friend had been asked to apply for at least 30 jobs in a week). We were also told that transport costs presented a major obstacle for young unemployed people attending interviews. The Prince's Trust team leaders mentioned that they had a national agreement with Jobcentre Plus, whereby Jobcentre Plus undertook to refer suitable jobseekers to the programme. However, the team leaders noted that whether or not a jobseeker interested in the programme was referred to it seemed to depend on which adviser the young person or team leader spoke to.

The young people talked about the importance of a stable living situation as a necessity for accessing a stable job. They noted that there was currently a lack of accessible, affordable housing.

The issue of careers guidance and advice was discussed in some detail. There was generally a consensus that the careers advice which had been available to the young people was not adequate in helping them to access the labour market. The majority of the young people agreed that there had been a focus on providing careers advice for those that wanted to undertake A-levels and go to university at the expense of other students. When asked whether they had used the now defunct Connexions service, one young person said that she had received advice from it at school, but there was only one adviser between a large number of students. She said that a follow-up appointment was promised, but was not forthcoming, and that it was difficult to contact them in order to arrange one.

Further discussions on the subject of careers guidance revealed that many of the young people aspired to work in the construction sector, but were not aware of where to go in order to acquire the skills needed to break into this career.

Other issues discussed included the high demand for Prince's Trust courses, and the issue of how best the young people could engage with Parliamentarians and the Government. The young people and team leaders were given the Clerk's details, and advised to get in touch either directly or through one of the team leaders with any further thoughts.

Youth unemployment inquiry: visit to Birmingham City Council and Partners, 17 December 2013

The meeting was organised through Birmingham City Council, and the first part of the meeting was held at the Council House in Birmingham. For the second part of the visit, Members of the Committee travelled to St Basils, an organisation which works with young people to enable them to find long-term housing, with the aim of eradicating homelessness.

A small delegation of Members from the Committee attended: Baroness O'Cathain (the Chairman), Lord Freeman and Lord Brooke of Alverthorpe. The delegation was accompanied by Nicole Mason (Clerk), Paul Dowling (Policy Analyst), and John Bell (Specialist Adviser).

The delegation were welcomed by Lloyd Broad (Head of European and International Affairs) and Shilpi Akbar (Assistant Director for Employment) from Birmingham City Council. The first session was a welcome and introductions session, led by Councillor Ali (Cabinet Member for Development, Jobs and Skills) and Baroness O'Cathain, the Chairman. Baroness O'Cathain briefly explained the

work of the Committee, the focus of the inquiry, and what the Committee hoped to achieve through the visit to Birmingham. Councillor Ali gave a short introduction, highlighting the challenges faced by Birmingham in the area of youth unemployment, given that it is demographically one of the “youngest” cities in Europe. He noted that Birmingham City Council had been working with its partners to address the consequent issue of high youth unemployment, and struck a positive chord with respect to the results achieved so far. Councillor Ali invited all the participants to give a brief introduction as to their role in their respective organisations.

Lloyd Broad gave an overview of the written and oral evidence given to the Committee’s inquiry, reiterating the three key messages in Birmingham City Council’s supplementary written evidence: that there was a need for greater local and place-based leadership for issues such as youth unemployment; that there must be a commitment to developing better and more effective integrated strategic partnerships; and that there should be a greater devolution of funding, accountability and powers to cities and Local Enterprise Partnerships (LEPs).

Mark Barrow (Chief Executive for Greater Birmingham and Solihull LEP) outlined the situation in Birmingham. He noted that despite having 540,000 jobs, Birmingham was still suffering from high rates of unemployment because many of the jobs were taken by commuters. Thus he highlighted the importance of any youth unemployment strategy taking account of these wider geographies. Mr Barrow reported that his LEP had worked closely with Lord Heseltine to create a delivery plan for targeting youth unemployment. However, he noted the importance of the Government’s input in this process, observing that the majority of recommendations in Lord Heseltine’s review³⁰⁶ were made to the Government rather than local authorities. He noted that LEPs were a loose affiliation of “willing partners” and were found in different forms around the country, and that there was no specific guidance from Government on ‘best practice’ for LEPs. He spoke briefly about some of the youth unemployment related initiatives taking place within Birmingham and Solihull, and noted that the eventual aim was to create a better matching of skills with employers to eradicate the need for compensatory measures, such as Birmingham’s job fund.

Before concluding, Mr Barrow mentioned that Birmingham City Council had been working with the Cabinet office to establish how best to use the underspend from the Youth Contract. He reported that £4 million of this was expected to go towards training for growth sectors such as the advanced manufacturing and engineering sectors, furthering the aim of matching skills to employment opportunities.

Gail Walters (Head of Community engagement at Midland Heart, a housing and care organisation that works with young people) gave an overview of how Midland Heart helped young people back into employment through its ‘Back on Track’ programme. She explained that the underlying ethos of Midland Heart’s ideology was a holistic one, which acknowledged that peer pressure, social background and a lack of networks contributed to inability to access employment. It had a focus on young people who had previously broken the law, and therefore found it difficult to access the job market. Midland Heart is funded through its own resources, because it feels that there is not a funding programme which reflects the different services that it provides for young people.

³⁰⁶ No stone unturned: in pursuit of growth, March 2012, Lord Heseltine review, available at: <https://www.gov.uk/government/publications/no-stone-unturned-in-pursuit-of-growth>

Ms Walters briefly explained the structure of the programme: it starts with a four week unpaid induction programme. If the young people attend the entire induction programme punctually and participate fully, they are employed on a year-long apprenticeship, which can be further extended if appropriate. During the apprenticeship, Midland Heart also works with the family of the young person to ensure a stable home life which enables them to participate in the labour market, for example, working with the family to ensure that they are properly housed. She stated that many of the young people saw this as a stepping stone to getting into the job market after re-offending. From the 33 young people on the programme last year, 25 were working and only two had reoffended.

In conclusion, Ms Walters mentioned that according to a recent evaluation it had carried out, every pound invested in Midland Heart returned £5.60 in Government savings.

Over lunch, the Committee was able to hear the views of the unemployed young people who were drawn from different programmes offered by Birmingham City Council and its partners, and came from a variety of backgrounds. Some of the young people who attended the session came from socio-economically disadvantaged backgrounds and had criminal records.

The discussion began with one of the young people saying that a universal approach to a particular group of young people as 'NEETs' was unhelpful, ignoring the very different needs of young people. Other young attendees voiced their perception that there were not enough jobs out there, and that young people were not provided with the skills training and guidance to access those that were available. One of the young people said that for those who were not attending university, there was a lack of careers guidance, particularly at school, and that they were presented with limited options for other types of training.

The discussion dealt in detail with the difficulty ex-offenders found in terms of getting into work, regardless of their qualifications. The young people who were on the Midland Heart programme said that they wanted to stay in work, and made clear that work provided them with certainty and structure. They also noted that it gave them responsibility and a stake in society, making them "think twice" before re-offending. They said that they had been able to build up the necessary skills for further employment, for example, learning how to interact with others in a professional setting. Addressing the issue of possible measures to help offenders get back into work, they pointed to the fact that most employers did not appreciate that personal issues that occur outside work may affect an employee's ability to attend or perform properly.

One of the young people said that he would be travelling on a funded programme to visit the Netherlands for three months to work on a business plan. He suggested that a possible measure to tackle youth unemployment might be to make international schemes like this more widely available, providing young people with the opportunity to learn new skills outside their normal frame of reference, comfort zone, and possibly away from negative influences.

One of the young people was very well qualified, with four degrees, but had still been unable to find employment for over two years. She stressed that young people should be made aware that a good education was not a precursor to employment and that other skills were as important. It was also suggested that there needed to be a better link between education establishments and the employment market.

For the second part of the meeting, the delegation travelled to one of the St Basils transitional housing centres in Birmingham. The attendees were young people who were using the housing facility, and the St Basils management team. Here, the discussion focussed mainly on homelessness, but this was worthwhile in terms of drawing attention to the relationship between homelessness and unemployment. For example, in 2012, 75 per cent of the young people who had used the St Basils scheme had been able to re-engage with employment, education and training.

The benefits of the National Youth Reference Group were discussed in the wider context of the importance of young people being involved in decisions which affect them. The group is made up of young people aged 16–25 from across England who are homeless or have experienced homelessness. It exists to assist national and local government, local authorities and organisations to engage with young people in the development of policies and opportunities.

One issue raised by Jean Templeton (St Basils Chief Executive) was that St Basils found it difficult to obtain funding because of the small scale nature of the programme. She stated that they felt unable to compete for funding under the Government's Work Programme and suggested that there was not enough engagement from the Work Programme providers and other similarly commissioned providers.

The discussion moved on to the young people's experiences of the labour market. Many of the issues that had been discussed were revisited, including the need for a better link between education, training and work. The young people emphasised the importance of finding a sustainable source of work, in a subject that they were interested in pursuing, as opposed to "any job".

APPENDIX 5: GLOSSARY OF TERMS AND ABBREVIATIONS

AGCAS	Association of Graduate Careers Advisory Services
CEDEFOP	European Centre for the Development of Vocational Training
CEEP	The European Centre of Employers and Enterprises Providing Public Services
CIC	Community Interest Company
DELNI	Department for Employment and Learning in Northern Ireland
ERASMUS+	The EU's programme for the mobility of EU citizens for the purposes of education and training.
ERDF	European Regional Development Fund
ESF	European Social Fund
ETUC	European Trade Union Confederation
EURES	The EU's online portal that aims to match young people to job vacancies throughout the EU.
EU28	The 28 EU Member States
EU27	The 27 EU Member States (prior to Croatia's accession to the EU on 1 July 2013)
Eurofound	European Foundation for the improvement of Living and Working Conditions
HECSU	Higher Education Careers Service Unit
ICT	Information and Communications Technology
ILO	International Labour Organisation
LEP	Local Enterprise Partnership
MEP	Member of the European Parliament
MFF	Multiannual Financial Framework
MP	Member of Parliament
NACUE	National Association of College and University Entrepreneurs
NEET	Not in Employment, Education or Training
NUS	National Union of Students
OECD	Organisation for Economic Co-operation and Development
OMC	Open Method of Coordination
Ofsted	The Office for Standards in Education, Children's Services and Skills
SFA	Skills Funding Agency
SMEs	Small and Medium-sized Enterprises
STEM	Science, Technology, Engineering, and Maths
TUC	Trade Union Congress
UEAMPE	European Association of Small and Medium-sized Enterprises

